DECENT WORK

INTERNATIONAL LABOUR OFFICE

DECENT WORK

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DECENT WORK

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Preface

This Report proposes a primary goal for the ILO in this period of global transition — securing decent work for women and men everywhere. It is the most widespread need, shared by people, families and communities in every society, and at all levels of development. Decent work is a global demand today, confronting political and business leadership worldwide. Much of our common future depends on how we meet this challenge.

The Report aims to focus the energies of the ILO on this major problem of our time. It seeks to create a unity of purpose among the three constituents — governments, workers and employers — which will send a clear and distinctive message about the Organization to public opinion at large.

It is also the second step in the process of reform and modernization in the ILO. The first was initiated last March with a budget proposal to begin the new century by moving from 39 major programmes to four strategic objectives: fundamental principles and rights at work; employment; social protection; and social dialogue.

The Report complements the Programme and Budget proposals for 2000-01 in three ways. First, it brings the four strategic objectives together so as to send a single message on what the ILO intends to do. Second, it translates this vision into the realities of programme priorities and capabilities. Third, it views the ILO's activities from the perspective of the various regions of the world, thus reflecting the developmental and institutional diversity of people who experience an increasingly common world of work in different ways.

The Report has been enriched by the contributions and views of many, including constituents, staff members and the academic community. It speaks to all those who are concerned with the future of the ILO, to those who share its values, and to those who are privileged to serve it.

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1. The primary goal

The world and the ILO are going through times of turbulence. Yet, as is well known, these are the moments of opportunity.

The social framework

The ILO was established in 1919 in a world which was ravaged by war, threatened by revolution and haunted by the misery and poverty of working people. Its aim was to build a social framework for peace and stability within which economic processes could generate prosperity with social justice in the life of workers and in the world of work. Since its inception, it has sought to create this framework through a combination of normative action, institution building and public policies. Through many social and political struggles, the ILO's message has, in several respects, been embodied in the law and practice of what are today considered the developed societies. The test of time has shown that the ILO stands for values for which people care.

The global economy

In the last two decades, however, the traditional cornerstones of the ILO's activities have changed, shifted by the transformation of the economic and social environment brought about by the emerging global economy.

Policies of economic liberalization have altered the relationship between the State, labour and business. Economic outcomes are now influenced more by market forces than by mediation through social actors, legal norms or State intervention. International capital markets have moved out of alignment with national labour markets, creating asymmetrical risks and benefits for capital and labour. There is a feeling that the "real" economy and the financial systems have lost touch with each other.

Changes in employment patterns, labour markets and labour relations have had a profound impact on the ILO's constituents, particularly trade unions and employers' organizations.

Globalization has brought prosperity and inequalities, which are testing the limits of collective social responsibility.

For the ILO — whose vocation lies at the intersection between society, the economy and the lives of individual human beings — these are seismic changes. But they are also setting the stage for its future role. The very forces which transformed the old framework are creating new demands and new opportunities for social action.

Changing social consciousness

Changes in technology and production systems have led to changes in social consciousness, and to a new awareness of personal identity and human rights. Increasing consumer choice and access to knowledge and new means of communication have made individuals and social institutions not merely subjects but also potential actors in the process of globalization. Social preferences influence market outcomes and have an impact on corporate reputations. A good corporate social image is increasingly essential for business success.

Emerging political concerns: Insecurity and unemployment

The change is not only economic and social. Politically, many countries now find themselves under scrutiny — both by markets and by public opinion — without the benefit of the doubt and the financial subventions of the Cold War era.

Problems of human insecurity and unemployment have also returned to the top of the political agenda in most countries. The social dimension of globalization, and the problems and demands it brings to the world of work, are becoming public concerns. There is growing realization that markets do not function in isolation from their social and political contexts. Social protection and social dialogue, for example, are increasingly seen to be integral elements of the adjustment process itself. The experience of the transition economies; increasing social polarization; the exclusion of Africa; and the recent crisis in emerging markets, have all made evident the need for a strong social framework to underpin the search for a new financial architecture.

Giving a human face to the global economy

The call to give a human face to the global economy is coming from many — and very different — quarters. Pope John Paul II has emphasized the "need to establish who is responsible for guaranteeing the global common good and the exercise of economic and social rights. The free market by itself cannot do it, because in fact there are many human needs that have no place in the market". Significantly, this concern is now voiced by business itself. The convenor of the World Economic Forum at Davos, Klaus Schwab, has warned that "the forces of financial markets seem to be running amok, humbling governments, reducing the power of unions and other groups of civil society, creating a sense of extreme vulnerability for the individual confronted with forces and decision-making processes way beyond his reach".

At this juncture, the ILO therefore finds itself well positioned. Business, labour and governments sit at its table. Its instruments are social dialogue and policies to promote fundamental principles and rights at work, employment, and people's security.

The new relevance of the ILO

All this gives new public relevance to the facilities the ILO provides to the international community: the global reference point for knowledge on employment and labour issues; the centre for normative action in the world of work; a platform for international debate and negotiation on social policy; and a source of services for advocacy, information and policy formulation. It is a moment when the ILO must once again display its historic capacity for adaptation, renewal and change.

The moment of opportunity will not last indefinitely. To take advantage of it, however, the ILO has to overcome two persistent problems.

Moving forward: Setting priorities

The first is an institutional tendency to generate a widening range of programmes without a clear set of operational priorities to organize and integrate their activities. This has diluted the ILO's impact, blurred its image, reduced its efficiency and confused the sense of direction of its staff.

To some extent, the problem arises from the exceptional richness of the ILO's mandate itself.

That mandate, as eloquently expressed in the Declaration of Philadelphia, is to create the conditions of "freedom and dignity, of economic security and equal opportunity" in which "all human beings, irrespective of race, creed or sex, can pursue both their material well-being and their spiritual development". The pursuit of such a vision demands an array of programmes ranging from the promotion of rights at work to institutional development. It requires the scope of ILO activities to extend from the workplace — or the workspace — to the economy as a whole. It requires responding to changing needs which have to be accommodated within frozen budget levels, leading to activities which are inevitably small and often fragmented. It means that the ILO periodically has to refocus its programme, to restate its message in the idiom of contemporary needs, and to mobilize external partnerships for resources and expertise. It means that focus, excellence and effectiveness must guide the management culture of the house.

Moving forward: Creating a sense of common purpose

Secondly, the end of the Cold War weakened the sense of common purpose among the constituents. It was further eroded by the impact of globalization on all the social actors. The decline of ideology and class conflict, the multiplication of social interaction beyond the workplace, and the trend towards enterprise-level bargaining, have all led to a greater fragility of consensus among the ILO's tripartite membership. It has meant that, while constituents have strong interests in individual programmes, there are not many which attract active support and widespread commitment from all three groups. An ILO without internal consensus is an ILO without external influence.

The two problems are, of course, linked. The clearer the perception of a common purpose and a shared interest in what the ILO stands for, the stronger and wider the areas of consensus will be.

The definition of a clear, common purpose is the first step.

* * *

The goal

The ILO's mission is to improve the situation of human beings in the world of work. Today, that mission finds resonance in the widespread preoccupation of people at times of great change: to find sustainable opportunities for decent work.

Securing decent work for people everywhere

The primary goal of the ILO today is to promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity.

This is the main purpose of the Organization today. Decent work is the converging focus of all its four strategic objectives: the promotion of rights at work; employment; social protection; and social dialogue. It must guide its policies and define its international role in the near future.

The policy implications

Such a goal has several important policy implications, all of which are implicit in the mandate of the Organization. They now need to be made explicit and to be pursued.

A concern for all workers

The ILO is concerned with all workers. Because of its origins, the ILO has paid most attention to the needs of wage workers — the majority of them men — in formal enterprises. But this is only part of its mandate, and only part of the world of work. Almost everyone works, but not everyone is employed. Moreover, the world is full of overworked and unemployed

people. The ILO must be concerned with workers beyond the formal labour market — with unregulated wage workers, the self-employed, and homeworkers. The participation of the informal sector in total employment has reached almost 60 per cent in Latin America. In Africa the informal economy accounted for over 90 per cent of new urban jobs during the past decade.

Promoting rights at work

All those who work have rights at work. The ILO Constitution calls for the improvement of the "conditions of labour", whether organized or not, and wherever work might occur, whether in the formal or the informal economy, whether at home, in the community or in the voluntary sector.

Promoting opportunities for work

Employment promotion is a central objective. The defence of rights at work necessarily involves the obligation to promote the possibilities of work itself. The ILO's normative function carries with it the responsibility to promote the personal capabilities and to expand the opportunities for people to find productive work and earn a decent livelihood. The ILO seeks to enlarge the world of work, not just to benchmark it. It is, therefore, as much concerned with the unemployed, and with policies to overcome unemployment and underemployment, as it is with the promotion of rights at work. An enabling environment for enterprise development lies at the heart of this objective.

Ensuring decent work

The ILO is concerned with decent work. The goal is not just the creation of jobs, but the creation of jobs of acceptable quality. The quantity of employment cannot be divorced from its quality. All societies have a notion of decent work, but the quality of employment can mean many things. It could relate to different forms of work, and also to different conditions of work, as well as feelings of value and satisfaction. The need today is to devise social and economic systems which ensure basic security and employment while remaining capable of adaptation to rapidly changing circumstances in a highly competitive global market.

Protection against vulnerabilities in work

Protection against vulnerability and contingency. As it is concerned with the human condition of work, the ILO has the responsibility to address the vulnerabilities and contingencies which take people out of work, whether these arise from unemployment, loss of livelihood, sickness or old age.

Social dialogue as a means and an end

The promotion of social dialogue. Social dialogue requires participation and freedom of association, and is therefore an end in itself in democratic societies. It is also a means of ensuring conflict resolution, social equity and effective policy implementation. It is the means by which rights are defended, employment promoted and work secured. It is a source of stability at all levels, from the enterprise to society at large.

The way to decent work — the four strategic objectives

The goal of decent work therefore requires to be pursued through each of the four strategic objectives of the ILO, as well as through a balanced and integrated pursuit of these objectives in their totality. It challenges all the constituents of the ILO alike. Governments, employers and workers have to accommodate their different interests in creative ways to respond to the demand for decent work placed upon them by individuals, families and communities everywhere.

Before turning to the operational implications of this goal, it is necessary to consider the wider context in which all of the ILO's activities will be set in future.

Global adjustment

The wider context

We are in a prolonged period of adjustment to an emerging global economy. The recent crisis in the emerging markets is only the latest in a series of adjustments which began with the oil shocks, followed by the debt crises of Africa and Latin America in the seventies and eighties and the European transitional crisis of the nineties, not to speak of the particular situation in which Japan and the countries of the European Union find themselves today.

Globalization and adjustment

Over the next decade the major issue will be the adaptation of national economies and national institutions to global change, as well as the adaptation of global change to human needs. The nature of the problem and the solutions will vary from region to region, but no country or region will remain untouched. Globalization has turned "adjustment" into a universal phenomenon for rich and poor countries alike. It is changing the pattern of development itself, shifting long-term growth paths and skewing patterns of income distribution. If present trends continue unchecked the greatest threat we face is instability arising from growing inequalities.

The ILO will be called upon to deal with these recurring crises of adjustment and development over the next decade. It must now organize itself for this purpose.

The policy response

The ILO must articulate a coherent policy response based on its own values and competencies and adapted to the diversity of regional needs. It must be capable of delivering multidisciplinary programmes which combine and integrate expertise from each of the four strategic areas of ILO action. It must have a voice in the international debate on the future systems of governance for economic stability and equitable development. All this calls for new organizational and knowledge capabilities, which are discussed in Chapters 3 and 4.

The conventional wisdom

The standard policy response was formulated by the Bretton Woods institutions in the 1980s at the time of the debt crisis, and subsequently applied in the transition economies. It was based on two fundamental assumptions: that free markets were sufficient for growth: and that they were very nearly sufficient for social stability and political democracy. The strategy for economic success basically consisted in transferring responsibilities for regulation from the State to the market. This required a combination of policies: privatization, the liberalization of capital and labour markets, and financial stabilization. Macroeconomic policy was to be used primarily to control inflation rather than to stimulate growth. Employment was a secondary derivative of these policies. The function of labour markets was limited to ensuring flexible adjustment to changes in the level of demand. Global governance consisted in the application of these policies by the international organizations responsible for financial stabilization and adjustment, trade liberalization and economic development.

These policies were influential because they were simple and universal. They brought necessary macroeconomic discipline and a new spirit of competition and creativity to the economy. They opened the way for the application of new technologies and new management practices. But they confused technical means of action — such as privatization and deregulation — with the social and economic ends of development. They became inflexible and did not take the social and political context of markets

sufficiently into account. Their impact on people and their families was sometimes devastating. Increasing doubts about the efficacy of these prescriptions after a decade of experience in the transitional economies came to a head with the recent crisis in the emerging markets. That crisis marked a turning point in public opinion. The result has been both greater uncertainty and greater receptivity to a wider range of opinions, including the views of developing countries and of civil society.

The new debate

The solutions are still far from clear. There has been a call for a new "global financial architecture". A wide range of measures has been proposed. At the international level they include: changes in the working of the international financial organizations; better, and growth-oriented, coordination of national economic policies; early-warning systems; exchange rate policies; and measures to regulate the flow of speculative capital. At the national level, measures suggested range from improved financial supervision and regulation to better legal and accounting systems and better corporate governance. Most of these issues lie beyond the competence of the ILO. What the Organization can do is to emphasize the importance of employment and rights at work in whatever financial architecture is ultimately put in place, and to facilitate the exposure and voice of its constituents in the ongoing debate. A global economy without a sound social pillar will lack stability and political credibility.

The ILO contribution

A parallel debate has also begun on the need for a social framework for stabilization, adjustment and development policies, as part of the measures for strengthening the global financial system. The ILO has an obvious contribution to make to this debate. It must have proposals to make to deal with both the short-term and the longer term social consequences of financial and economic instability.

It needs to insist on, and demonstrate, the importance of employment policies and of institutions for social protection and social dialogue, in the interests not only of social equity but also of successful adjustment policies and long-term economic development. The need for institutions and systems for social protection and social dialogue was glaringly revealed by the crisis in Asia. Such institutions had too often been neglected in the era of rapid growth, and their weakness at the moment of crisis impeded adjustment and enterprise restructuring.

The ILO must also have a view on the design of macroeconomic policies over the medium term. In particular it needs to be able to advise on the relative merits of fiscal and monetary instruments in terms of their respective employment and social policy implications. It should focus on the complementarity between macroeconomic and labour market policies in promoting employment.

In short, the ILO needs to create and deliver portfolios of policies — covering employment, social protection and institutional development — which are appropriate to different regional situations. These ideas are explored further in Chapters 3 and 4 of the Report.

These policies must be supported by a global normative framework which is universally accepted, and which is realized at the national level through development, legislative systems and institutional structures.

The constitutional provisions

The ILO's constitutional provisions have ensured respect for its normative prescriptions and enabled the Organization to retain its political legitimacy and its universality through the conflicts of the twentieth century. They are based on the principle of voluntary obligations which, once

accepted, are subject to systematic supervision and open discussion. They work through public opinion and institution-building, rather than through coercive or punitive measures. They are based on international consensus and national dialogue. Such an approach is essential to manage the social tensions of global transition.

The ILO must act consistently with its own constitutional provisions and insist on its normative mandate within the international community. Albert Thomas, the first Director-General of the ILO, made the point long ago in an address to this Conference: "There is only one means of being certain as to the outcome of our efforts — of being sure of reflecting the common will, and the hopes we all share — and that is for the International Labour Office to stand firmly by the terms of its constitutional charter, and to draw attention constantly to the letter and spirit of these provisions."

If the ILO's way is to guide the international community in future, it must be effective.

The best guarantee of credibility lies in the effectiveness of the ILO's normative activities and the integrity of its supervisory and control machinery. The point of departure must be a consensus among all constituents — governments, employers and workers — that nothing should be done to compromise its principles or weaken its functioning. What is necessary is to modernize the process in order to make its work more relevant to all constituents, more practical in its results and more widely known to public opinion. Improving the visibility, effectiveness and relevance of the ILO's standard-setting system must become a political priority. Detailed proposals are made in Chapter 2.

The ILO Declaration on Fundamental Principles and Rights at Work

The ILO Declaration

The Declaration was adopted as a promotional instrument. It must be realized in that spirit. To be effective, to be universal, and to retain legitimacy, there can be no question of conditionality attached to it. On this understanding, it should become a common objective of the multilateral system as a whole. But, to be credible, an effective and speedy follow-up is imperative.

Ensuring respect for fundamental rights at work must be accompanied by promoting their realization in economic and social practice. The Declaration has an important role to play in this respect. By calling on the ILO to assist Members, at their request, not merely to promote but to realize these fundamental principles, the Declaration provides the Organization with a clearer framework for development than it has had hitherto.

An agenda for development

Since the undertaking to realize the fundamental principles is independent of the ratification of the Conventions in question, the Declaration enables technical cooperation to develop its full potential within the ILO. The Declaration should therefore be viewed as a promotional instrument to translate the values of the Organization into programmes of integrated development. Respect for these rights is fundamental and requires no further justification, but respect for them will facilitate development itself. For example, the guarantee of rights at work enables people to claim freely a fair share of the wealth they have helped to generate, and to seek more and better work. The guarantee of those rights is therefore also a guarantee of a permanent process of translating economic growth into social equity and employment at all stages of the development path.

Technical cooperation

The Declaration should therefore strengthen and support the ILO's technical cooperation activities as a whole. Those activities must necessarily respond to a variety of constituent needs at the national level, and be guided by the four strategic objectives of the Organization. Since the objectives are interlinked, the realization of fundamental rights at work will facilitate, and be facilitated by, progress made in respect of the other strategic objectives.

The Follow-up to the Declaration also opens the way for a more substantive policy debate on development issues and rights at work within the ILO. This could lead to a better understanding of the problems and perspectives of different countries and regions, and suggest better ways of addressing them. The effectiveness of the Follow-up will be crucial in reducing the political tensions of global adjustment. Its transparency, the feedback to technical cooperation, the emphasis on promotion and development, integration of a gender perspective, and greater public awareness of social progress and successful development, these are all key elements in building public credibility in the ILO approach to social reform in an interdependent world.

The new policy emphasis

Development, gender policy and enterprise perspectives

If the context of ILO activities in the future will be determined by the needs of adjustment in an interdependent world, three broad policy areas deserve particular emphasis. These are the mainstreaming of development and gender in all the ILO's activities, and making the enterprise a focus of ILO attention. Each of these is critical for the future relevance of the Organization.

Development policies

Integration of social and economic development

The ILO has consistently maintained that economic and social development are two aspects of the same process which sustain and reinforce each other. The linkages are well illustrated by the four strategic objectives of the ILO. Principles and rights at work provide the ground rules and the framework for development; employment and incomes are the way in which production and output are translated into effective demand and decent standards of living. Social protection ensures human security and civic inclusion, and enables economic reform. Social dialogue links production with distribution, and ensures equity and participation in the development process.

The Copenhagen Summit reaffirmed this integrated vision of development at the highest international level. It is time for the ILO to take the mandate forward.

Research capabilities

Major proposals to mainstream development policy in the ILO have already been made with reference to the Follow-up to the Declaration and the ILO's policy response to the challenges of global adjustment. But much remains to be done. The ILO has to back its advocacy of the complementarity of economic and social development with empirical evidence and theoretical justification. This requires an ILO research policy, as well as an enhanced capability within the Office for economic and financial analysis. The issues involved are discussed in Chapter 4.

Focusing on the working poor

Mainstreaming development in the ILO requires a specific focus on the problems of the working poor. It has long been apparent that the process of

economic growth is inadequate to absorb surplus labour into the formal economy. On the contrary, uneven rates of growth and changes in the organization of production have led to pervasive informalization. It is among workers in the informal economy that the problems are the greatest. It is their rights which are the least respected. It is they who are underemployed and poorly remunerated, who have no social protection, and for whom social dialogue and participation have little meaning. The time has come to establish a coherent ILO policy for the working poor, specifically in the areas of employment generation, social protection and social organization, where their needs are most acute. The InFocus Programmes in Chapter 2 are a first step in this direction.

Institution-building

A major item of the ILO's development agenda also concerns institution-building, particularly institutions for participation, representation and voice, for social dialogue, and for social protection. This has long been an ILO concern, but it could benefit from recent advances in research in institutional economics, drawing upon organizational theory and practice referred to in Chapter 4.

Gender policies

Gender perspectives are defining labour markets

Women have transformed the labour markets of the world. In many countries the increasing labour force participation of women is driving employment trends. The activity rates of males are declining while those of females are increasing. The structural transformation of economies, demographic change, informalization and new notions of working time have redefined working and living conditions for both for women and men.

They have also modified gender roles in the labour market. In some cases, women have succeeded in obtaining greater opportunities and economic autonomy. But many have been victims of change. Globalization and economic restructuring favour flexible modes of employment, many of which lie beyond the reach of labour legislation and social protection and are characterized by low incomes and high levels of insecurity. While both men and women are affected by these trends, women are more vulnerable. The result is occupational segregation, with women finding themselves in the least protected sectors of the economy. The growth of female-headed households, due to migration, divorce, and abandonment, also means that the insecurity of women's employment directly affects children and other dependants.

Gender inequality is often built into labour institutions. Social security systems, for instance, frequently assume that the breadwinner of the family is male. Labour market segmentation along gender lines generates structural wage differences between men and women that are difficult to address through conventional labour market policy.

A gender perspective is therefore an imperative for the ILO, not merely for reasons of equity and fairness but also because it is part of the very substance of the ILO's work today. Although the vocabulary of gender has trickled into the programmes and activities of the ILO, it is still limited to statements on equality for women and women's rights and constrained by the absence of an integrated policy. For example, gender concerns have informed ILO research on labour markets and poverty, but the results have been fragmentary. They have not been given institutional priority or led to basic policy changes. The Director-General announced a new commitment to an integrated gender policy when he inaugurated a special celebration in the ILO on 8 March 1999 on the occasion of the International Women's Day.

A gender policy for the ILO

The ILO must articulate a gender perspective on the world of work. Building on current activities to promote equality of women, the aim will be to examine the economic and social roles of both women and men, and to identify the forces which lead to inequality in different domains. It will involve broadening the focus of attention from the *de jure* achievement of equality for women to the *de facto* results of economic policies, legislative measures and labour market outcomes for different groups of women and men.

One of the most important tools at the disposal of the ILO is gender mainstreaming. Although an established policy of the United Nations system and a methodology that is widely used in other organizations and programmes, gender mainstreaming is still at an incipient stage in the ILO.

An integrated gender policy requires action at three levels in the ILO: at the political level, within technical programmes, and at the institutional level.

- First, political support for gender mainstreaming requires far greater representation of women in the tripartite decision-making structures of the Organization, within governments, and in employers' and workers' organizations. The constituents must redouble their efforts to ensure the presence of women within the structures of the Organization and within their own bodies.
- Second, the Office will take systematic steps to mainstream gender considerations into ILO programmes and technical cooperation. This will require gender impact assessment, supported by empirical research on key issues such as gender aspects of globalization and the changing nature of work. Gender concerns will also have to be reflected much more systematically in ILO information systems and statistical databases.
- Third, institutional mainstreaming within the ILO must include gender-sensitive programming and monitoring systems, a strategically located and strengthened focal point system, and appropriate training and personnel policies which enhance career opportunities for women.

Enterprise promotion

A focus on the enterprise

Enterprises are the key to growth and employment in open economies. Their activities have an impact on all the areas of ILO concern and have a crucial bearing on future patterns of industrial relations, skill development and employment. A focus on the enterprise is essential if the ILO's work is to be informed by workplace practices and realities. The importance of small enterprises in providing jobs and improving working conditions has already been reflected in the proposal to create an InFocus programme in this area.

In many ways, the ILO is uniquely placed to tap the potential of enterprises and the business community. They are directly represented in the Organization. There is a new emphasis in the ILO on business and employer concerns. The ILO's Enterprise Forum has begun to attract growing attention in the business community.

Enterprise development

The ILO has already developed a wide range of enterprise-related programmes, with particular emphasis on entrepreneurship development, management training and small enterprise promotion. These programmes should be developed further, taking into account the role of employers' organizations and the services they can provide to their constituents in these areas.

Transnational corporations

It is now necessary to go beyond the small enterprise sector and respond to the needs of transnational corporations — the main vehicles for transfers of capital, technology and new work practices in the global economy. A

possible subject is the area of corporate social initiatives. Business is facing intensified social pressures for good corporate practices, which have a direct bearing on consumer demand and corporate reputations through the media. While communications technology has greatly enhanced the value of brand names and corporate image, it has also greatly increased their vulnerability to public opinion. The larger corporations are concerned about these pressures not merely in terms of their own markets, but because they may be a political threat to existing trade and regulatory regimes. These social pressures also come at a time when the markets within which the corporation operates are no longer easy to define or control. Many enterprises have adopted their own codes of conduct, but business is facing its own problems of monitoring and supervision because of the growth of supply chains and subcontracting practices. Under these conditions, markets could easily become minefields. The essence of the problem is to combine the need of enterprises for a recognized external source of reference, with international measures which provide a consistent framework to benchmark individual initiatives. The ILO has a unique expertise to move forward in this area, while remaining attentive to existing legal obligations and to business sensitivities. Other possibilities include training for multicultural management of social issues and for socially sensitive restructuring, which could both become important new areas of ILO activity.

The ILO's business profile

To many in the business world the ILO remains a remote and impenetrable Organization. It must improve its public profile and make a strong case with the business community through better communication and improved access to its training, services and databases. The ILO has to position itself as the international centre for expertise and data of interest to business, in such areas as standards and codes, national legislative and industrial relations systems, occupational safety and health, and the dissemination of good practice in a multicultural context.

* * *

A shared endeavour

This Report presents an ambitious vision, but its intention is intensely practical. It is to provide the ILO with the political, technical and organizational orientation it needs to move forward with optimism and self-assurance into the twenty-first century.

None of these proposals is simple. All of them are necessary. They will take time to implement. They call for exceptional effort by all concerned: a strong sense of common purpose among the constituents, a renewed culture of excellence among the staff, and a vigorous outreach to people and the world at large by the Organization as a whole.

Above all, the proposals demand a common commitment and a shared endeavour by both the Office and the constituents, if they are to succeed. This Report is, therefore, a living document, a signpost rather than a blueprint, to be developed through consultation and dialogue. It is, ultimately, a statement of confidence in that partnership.

2. The programme priorities

This chapter translates the strategic vision of the ILO into programmes for action. It indicates the immediate priorities, as well as new initiatives for the future. It thus provides the wider perspective within which these priorities will be developed in the years ahead.

Strategic objectives of the ILO

The first section below covers *fundamental principles and rights at work*. It calls for renewed attention to ILO standards, as well as a fresh look at complementary means and instruments for achieving this goal. The effective implementation of the Declaration can be a major step forward towards a truly global attainment of basic rights. The second section concerns the creation of greater *employment and income opportunities for women and men*. The new global economy has shown an enormous potential for job creation when the conditions are right, as well as many dangers. New options need to be explored to promote an employment- friendly orientation in macroeconomic strategies, in the transformation of production systems, and as a means of reducing poverty and inequality. The third section takes up the issue of *social protection*. In an increasingly volatile economic situation, the perceived need for security becomes ever more important. Existing systems are under pressure, and the coverage of social protection remains a major preoccupation. Finally, the fourth section explores the issue of *social dialogue and tripartism*, examining ways of strengthening the institutional capacity of ILO constituents as well as their contribution to the process of dialogue.

To promote decent work

These four objectives together define the ways in which the ILO can promote the primary goal of decent work. Decent work means productive work in which rights are protected, which generates an adequate income, with adequate social protection. It also means sufficient work, in the sense that all should have full access to income-earning opportunities. It marks the high road to economic and social development, a road in which employment, income and social protection can be achieved without compromising workers' rights and social standards. Tripartism and social dialogue are both objectives in their own right, guaranteeing participation and democratic process, and a means of achieving all the other strategic objectives of the ILO. The evolving global economy offers opportunities from which all can gain, but these have to be grounded in participatory social

institutions if they are to confer legitimacy and sustainability on economic and social policies.

InFocus programmes

To achieve its objectives, the ILO must concentrate its efforts. It cannot do everything simultaneously, and so it must choose the areas in which to focus its resources. In the first instance, eight international focus (InFocus) programmes linked to the strategic objectives have been identified in the Programme and Budget proposals for 2000-01. Building on elements in the present work of the Office, they cut across existing departmental boundaries to concentrate a critical mass of research and technical cooperation in key areas. They will be developed in such a way as to complement and reinforce the work being done under each of the strategic objectives, and to bring greater coherence to the ILO's technical cooperation — as discussed in Chapter 3 of this Report.

Human rights and work

ILO priorities in human rights

One of the hallmarks of the twentieth century has been the promotion of human rights. The ILO has made a major contribution to this process, but it needs to concentrate its efforts and to explore fresh approaches. It has three priorities. First, it will promote the Declaration on Fundamental Principles and Rights at Work and its Follow-up. Second, it will step up the struggle to eliminate child labour. Third, it will renew its work on ILO standards. In all cases, the aim is to promote development with human dignity and social justice.

Promoting the Declaration on Fundamental Principles and Rights at Work and its Follow-up

Declaration on Fundamental Principles and Rights at Work

In June 1998 the International Labour Conference reaffirmed its commitment to the founding ideals of the ILO when it adopted the Declaration on Fundamental Principles and Rights at Work and its Follow-up.

The Declaration is a pledge by all Members to *respect*, *promote* and *realize* in good faith the principles and rights relating to:

- freedom of association and the effective recognition of the right to collective bargaining;
- the elimination of all forms of forced or compulsory labour;
- the effective abolition of child labour; and
- the elimination of discrimination in respect of employment and occupation.

Application of the Declaration

Declarations are instruments that the ILO has used sparingly. Unlike an international labour Convention, which binds only Members that ratify it, the Declaration applies automatically to all countries that have accepted the ILO Constitution, whether or not they have ratified the fundamental Conventions of the ILO. All countries are encouraged, however, to move towards ratification of these Conventions.

Safeguarding and respecting basic workers' rights

The Declaration responds to a widespread concern that economic growth should be accompanied by social justice.

The World Summit for Social Development in Copenhagen in 1995 voiced this concern with a call to safeguard and respect workers' basic rights. The Ministerial Meeting of the World Trade Organization in Singapore in 1996 then reaffirmed the ILO's role as the competent body to set and deal

Box 2.1
InFocus — Promoting the Declaration

The new programme to promote the Declaration on Fundamental Principles and Rights at Work will have a threefold purpose: to raise awareness of the Declaration within countries and regions as well as at the international level; to deepen understanding of how these fundamental principles and rights reinforce development, democracy and equity and help empower all women and men; to promote policies that implement these principles and rights in practice in the development conditions of each country.

In line with the promotional nature of the Declaration and its Follow-up, the programme will comprise:

- *media and educational campaigns*, targeted at various cultural and economic contexts;
- *research*, investigating how each of the rights and principles relates to economic growth, employment creation, poverty reduction and gender equity;
- *social reviews*, responding to countries' requests to examine what is hindering or facilitating implementation of the Declaration;
- *policy advice*, advising on job creation and social protection underpinned by respect for the fundamental principles and rights;
- *legal support*, strengthening the capacity of lawmakers and labour administrations to enforce laws that give expression to the fundamental rights and principles;
- *widening involvement*, working with employers' organizations, trade unions and other civil society groups and regional and international organizations to make use of the Declaration; and
- *permeating the ILO*, refining the ways in which respect for these principles and rights can be woven into ILO work across the board.

with core labour standards. The ILO has taken up this challenge by adopting the Declaration, a central policy guidepost to development.

A point of reference for the global community

The Declaration also serves as a point of reference for the entire global community — for employers' and workers' organizations, lawmakers, NGOs, global companies and other international organizations. Indeed, the Declaration mandates the ILO to encourage other international organizations with which it has established relations to help create a climate for economic and social development that respects fundamental principles and rights at work.

InFocus programme on the Declaration

To promote the Declaration the ILO will launch an InFocus programme — to raise awareness, to deepen understanding, and to promote policies to implement its principles in ways that are gender-sensitive and development-oriented (box 2.1).

New information for technical cooperation and development

The Follow-up to the Declaration will provide the ILO with new channels of information. These will include annual reports for countries that have not ratified the relevant Conventions, as well as global reports covering both ratifying and non-ratifying States. They should aid in identifying areas for technical assistance to help countries realize the fundamental principles and rights. The Declaration will therefore inspire the ILO's technical cooperation and advisory services, offering practical assistance to governments, employers' organizations and trade unions. At the same time the Organization will utilize the information available to deepen understanding of the interactive processes between these principles and rights and social and economic development.

Progressive elimination of child labour

Child labour worldwide

Child labour is a pressing social, economic and human rights issue. As many as 250 million children worldwide are thought to be working, deprived of adequate education, good health and basic freedoms. Individual children

Box 2.2
InFocus — Progressive elimination of child labour, promoting development

The International Programme for the Elimination of Child Labour (IPEC) will intensify its global efforts, reinforcing existing activities and continuing to innovate in the following areas:

- *Partnership* — mobilizing a broad alliance of partner groups to finance activities and to help reach children labouring under particularly difficult circumstances.
- *National capabilities and policies* — will be strengthened through the design and implementation of large-scale, time-bound programmes and enhanced monitoring mechanisms built into national and sectoral action plans.
- *Legislation* — promoting the implementation and monitoring of legislation in support of the Declaration and Conventions through links to programmes and technical cooperation at the national level.
- *Alternatives to child labour* — promoting and supporting, in conjunction with existing work in other sectors, programmes that withdraw children from labour and provide them with educational alternatives and their families with alternate sources of income and security.
- *Elimination of the worst forms of child labour* — undertaking focused efforts by industry and occupation, with emphasis on priority target groups such as bonded child labourers, very young children, and especially vulnerable groups of labouring girl-children, including hidden work situations such as exploitation in the sex trade.
- *Scaling up and replication* — promoting and sharing information on best and good practices and programmes.
- *Dependable data for effective action* — enhancing national systems for the collection and analysis of information, with the assistance of an expanded ILO-IPEC Statistical Information and Monitoring Programme on Child Labour (SIMPOC), as an input into programme planning and policy formulation.
- *Public awareness* — enhancing the work on advocacy to increase awareness of child labour in communities, schools and workplaces.

pay the highest price, but their countries suffer as well. Sacrificing young people's potential forfeits a nation's capacity to grow and develop.

ILO standards on child labour

The principle of the effective abolition of child labour contained in the Declaration builds upon existing ILO standards, including the Minimum Age Convention, 1973 (No. 138). Existing standards would be strengthened by the adoption of new instruments on the elimination of the worst forms of child labour in June 1999. Such a progressive approach reflects the recognition that child labour is a complex problem rooted in poverty and lack of educational opportunities.

International Programme for the Elimination of Child Labour

It will also provide an agreed legislative framework for future ILO operational action through its International Programme for the Elimination of Child Labour (IPEC). The distinguishing characteristics of IPEC are partnership and complementarity. It involves many different groups, including governments, employers' and workers' organizations, NGOs and multilateral agencies such as UNICEF — a degree of institutional diversity that has lessons for other activities of the ILO.

IPEC's work

IPEC also complements several ILO programmes, such as those concerned with the informal economy, with small and medium-sized enterprises, and with gender. An important component of IPEC is data collection. Statistical work will be intensified by collecting time-series information, disaggregated by age and sex, that can be used to target programmes and projects and permit more precise monitoring of progress. This should include measurement of the extent of child labour as well as its impact on development.

Improving IPEC's operations

Success has brought its own problems. The rapid growth of IPEC has highlighted the need for an early review of its operations to ensure programme balance and coherence, adequate logistical support and interface with other ILO programmes, and improved dialogue between donors, recipients and constituents.

InFocus programme on the progressive elimination of child labour

The InFocus programme on the progressive elimination of child labour (box 2.2) goes beyond trying to stop children from working. It seeks to promote development by providing adequate educational alternatives for children and access to decent work, sufficient income and security for their parents. The programme will focus on the worst forms of child labour and will strengthen its gender dimension. It will pay special attention to priority target groups, including the girl-child labouring in intolerable conditions and hidden work situations such as in the sex trade and domestic service.

Development and the elimination of child labour

Ending child labour is a goal in itself; but it is also a powerful way of promoting economic and human development. Eliminating child labour will permit more investment in human capability, promote the ideals of decent and dignified work, and help alleviate poverty. Conversely, development increases household incomes, promotes better access to education and creates decent work for adult family members, thus in turn helping to eliminate child labour.

Renewing work on labour standards

Most ILO standards are not well known

ILO Conventions and Recommendations are a vital source of protection for working people all over the world. However, except for a handful of Conventions, most ILO standards are not well known. Ratification is also a growing problem because of treaty congestion. Of the 23 Conventions and two Protocols adopted in the 15 years from 1983 to 1998, only three have received at least 20 ratifications. Even when ratified, many Conventions are only weakly implemented.

The need to reinvigorate international labour standards

If the ILO is to ensure its continued relevance in this field and reassert the usefulness of international standards, it will need to reinvigorate its efforts and experiment with new approaches. Fortunately, the Constitution of the ILO offers a wide range of action and provides the necessary tools. This work is already under way, having started at the 1994 session of the Conference and continued at subsequent sessions and within the Governing Body, especially as concerns the revision of standards. This debate should be extended and deepened.

How to enhance ILO work on standards

A number of actions are necessary to raise the profile and increase the relevance of the ILO's work on standards:

- preparing the ground for new standards more thoroughly;
- exploring new methods of standard setting;
- engaging in deeper analysis of existing standards, their synergy, lacunae, and impact on various groups;
- accelerating the revision of outdated instruments to build on progress already made and promoting priority standards as problem-solving tools;
- stepping up efforts to help countries implement ILO standards;
- enhancing the impact of the supervision of standards; and
- reasserting the role of ILO standards in the broader world context.

Re-evaluating standard setting

The process of *standard setting* itself needs to be re-examined. This requires closer consultations with ILO constituents, taking the concerns of all regions into account and making full use of developments in communications technology. But it will also require more broadly based technical work that analyses proposed standards in terms of their potential impact on economic and social policy, including gender concerns, and their complementarity with other international instruments.

Choice of suitable subjects for standards

At the outset, there is the question of choosing suitable subjects. International labour Conventions create binding obligations on countries that ratify them. They are powerful instruments. But not every problem can best be resolved by a legal response, so when considering potential new standards the Organization should also explore other ways of addressing problems.

Reassessing existing Conventions

Potential new standards must of course be considered in relation to existing instruments, whether in the ILO or elsewhere. Thus, long-standing ILO Conventions need to be reassessed to see how they cope with contemporary developments, such as the expansion of the informal economy and the trend towards more precarious forms of employment. New standards may then supplement them where warranted.

The example of social security

Changes in the labour market and in family life are posing a challenge to many ILO standards. An important case in point concerns the numerous instruments on social security. The Social Security (Minimum Standards) Convention, 1952 (No. 102), was adopted when most workers in industrial economies were in regular, full-time employment and there were fewer divorces, separations and single parents. Schemes based on this model continue to penalize women, who have often not been as long in continuous employment as men. With the increased precarity of jobs, such schemes also afford protection to fewer men. The challenge will be to find solutions that increase protection and embrace respect for the basic principles of social security.

Supplementing the framework Conventions

One approach to standard setting that deserves more thorough investigation is that of framework Conventions. These Conventions cover a subject's essential and unchanging principles. However, to deal with new circumstances such as changes in labour markets, demography, technology or work organization, framework Conventions can be supplemented with more specific instruments that can be updated more frequently. For instance, the guiding precepts in the Occupational Health and Safety Convention, 1981 (No. 155), are supplemented by consensus codes of practice specific to each sector. This approach could also take into account regional differences; experts from each region could identify universal elements that should be part of a framework Convention, while highlighting others that reflect regional traditions and should be embodied in supplementary non-binding instruments.

Flexibility

Other opportunities for flexibility, which the Organization might pursue in greater depth, are provided by the Constitution. Ideas outlined by the Director-General's Reports to the Conferences in 1994 and 1997 also merit careful attention. And the ILO might gain further inspiration for innovation from the standard-setting techniques used by other bodies.

Reconsidering the process for adopting standards

The ILO could also reconsider the process for *adopting standards*. At present this is highly stylized, often using procedures that are not conducive to compromise. In this case the Organization could draw on its experience of designing approaches to the prevention or resolution of labour disputes,

using methods that respond to the divergent and convergent interests of stakeholders. The Night Work Convention, 1990 (No. 171), illustrated this potential, arriving at a compromise that took into account constituents' concerns for both gender equality and worker protection. A similar approach could be extended to other topics that have so far defied consensus, such as the revision of ILO instruments on working time.

The wider context of international law

New standards need to be considered in the wider context of international law, since many other organizations and international conferences have produced treaties on related issues such as the environment and human rights. The proposed new Convention on the worst forms of child labour, for example, has been developed in this way — taking into account not just ILO Conventions but also other instruments. A similar approach has been taken in the report on migrant workers submitted to this session of the Conference, as well as with respect to the proposed revision of some ILO Conventions relating to chemicals and hazardous substances.

Reinvigorating promotional efforts

Setting standards is of course only the start. The ILO needs to reinvigorate its *promotional efforts* to see that standards are ratified and applied. This means ensuring that Conventions and Recommendations are well understood, by producing clear and effective publications and by reaching out beyond labour ministries, employers' organizations and trade unions to other groups, including parliamentarians, law reform commissions, judges, business leaders, NGOs, women's groups, students, academics and the unemployed. It is especially important that governments understand that ILO Conventions have built-in mechanisms for flexibility — a potential that few of them explore.

Concentrating attention on high-impact standards

One major problem for ratification is that parliaments all over the world often have a long list of items awaiting attention — not just ILO standards but also many other bilateral and multilateral instruments. In this competitive environment it is important that the ILO concentrate its attention on high-impact standards to make them stand out from the pack. The Declaration on Fundamental Principles and Rights at Work and its Follow-up has performed an important role here by highlighting core labour standards. The Governing Body has further identified as priorities a handful of institutional standards, including those on tripartite consultation, on labour inspection and on employment policy. The social partners may wish to single out others for special attention, and the InFocus programmes may also be of assistance.

Assisting governments to implement Conventions

The ILO needs to be more proactive when it comes to *implementation*, assisting governments in giving effect to the Conventions they have chosen to ratify. At the formal level this could mean helping governments revise their labour legislation and improve their inspectorates. A key way to promote implementation is to ensure that everyone appreciates the value and use of standards. They should, for instance, understand that health and safety standards not only save lives but also increase productivity. When people realize that standards are not burdens but tools, they will be more willing to put them into practice and embed them in national development strategies.

Labour standards as part of a policy package

Standards shown to play a useful role in the labour market can be taken into account as part of a policy package that incorporates broad social concerns as natural complements to economic measures.

This message is reinforced when Conventions are seen to support successful solutions to problems — bringing parties together to achieve a shared goal. They can even inspire peacemaking efforts. In 1996, for

example, the social partners rallied support for the United Nations peace negotiations in Guatemala on the basis of the Indigenous and Tribal Peoples Convention, 1989 (No. 169). An earlier example of conciliation was the successful use of the ILO's good offices with the Governments of Egypt, Libya and Tunisia in relation to the application of several Conventions to migrant workers. Now that the Organization has stronger field representation it should have further opportunities for this kind of conciliation.

Helping to implement non-ILO standards

In addition, the ILO should continue to help implement non-ILO standards. The ILO regularly contributes to work done under a wide range of instruments, including the Convention on the Elimination of All Forms of Discrimination Against Women, the United Nations Convention on the Rights of the Child and the International Covenant on Economic, Social and Cultural Rights. It has also provided valuable technical inputs in the labour aspects of trade arrangements such as MERCOSUR.

Enhancing supervision

Beyond promoting standards, one of the ILO's most important functions is to *supervise* them. Both inside and outside the Organization, the various supervisory mechanisms are generally perceived as independent, objective and impartial, but the system as a whole is increasingly bogged down under its own weight. Reporting under article 22 of the Constitution, for example, should be streamlined to make it easier for governments to handle, though without eroding its usefulness to employers' and workers' organizations. At times, the system is also too undifferentiated, giving equal weight to very serious issues and to those which are essentially matters of detail. The supervisory system would also be more valuable if it were able to move beyond an examination of legal texts.

Improving reporting

The presentation of reports could be further developed. The reports of the supervisory bodies would be even more helpful if they also reviewed the status of the standards situation in general, perhaps by region or by subject area. They would offer greater encouragement if they, and the supervisory system as a whole, highlighted more success stories and genuine efforts to improve.

Linking supervision with ILO technical cooperation and research

There should be greater opportunities to link supervision with other aspects of the ILO's work, particularly technical cooperation. Thus, well-substantiated representations and complaints under articles 24 and 26 of the Constitution, as well as serious violations found by the Committee on Freedom of Association, should prompt the Organization to reorient technical assistance to the problem areas, not in the sense of introducing conditionality but of offering better targeted support. The work of supervisory bodies would also have greater visibility and impact if it could be fed into readily accessible databases for use not just in technical cooperation but also in research. It could then be part of a general process of disseminating the work of the ILO's supervisory bodies to a wider public.

Codes of conduct

An important but distinct issue is the proliferation of "codes of conduct", voluntary initiatives that usually operate at the enterprise or sectoral level. These can complement, but do not replace, enforcement of national legislation and international standards. Voluntary codes could use ILO standards as points of reference and as sources of inspiration. This could include developing manuals for use with such codes, incorporating information on various Conventions, on the 1998 Declaration and on the 1977 Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. Voluntary codes could then become complementary opportunities for the ILO to disseminate its principles and values.

Employment and incomes

Employment is at the core of the ILO's mandate. Without productive employment, the goals of decent living standards, social and economic development and personal fulfilment remain illusory. While the ILO has the Employment Policy Convention, there is no consensus on the policies most likely to create jobs. For some the issue is one of growth. For others it is labour market flexibility. Some believe that the answer lies in human skills and capabilities, others in policies to share out available work.

Employment problems around the world

Employment problems are not easily summed up in bare figures. Global ILO estimates suggest that 150 million people are fully unemployed; but this is only the tip of the iceberg, for many more are forced to eke out a living in casual or occasional jobs, low-productivity self-employment or other forms of underemployment. Where open unemployment is low, closer examination often suggests that low-quality, low-income work takes its place, or that large numbers of workers — usually mainly women — are excluded from the statistics. Despite years of effort, this situation shows no sign of improving. On the contrary, many countries which could report success on the employment front a few years ago now face new problems. Unemployment has re-emerged in East Asia. Transition countries in Central and Eastern Europe face persistent labour market problems. In Latin America one can observe both rising unemployment and steady informalization. African employment problems remain intractable. Employment has grown in some OECD countries, notably the United States, but high unemployment persists in others.

Different causes

Persistent unemployment may reflect either a general problem of growth and development or a structural problem of labour market inequality. The current employment problems in East Asia derive in the first place from macroeconomic reversals, while sluggish employment growth in Europe over the last two decades can largely be traced to poor aggregate economic performance. But growth is only part of the story. Structural inequalities are just as significant. Even in the most successful economies, production systems include some and exclude others. Workers with the right qualifications and capabilities get access to productive, remunerative jobs, while others find that good jobs are permanently out of reach. So employment policy is important for income distribution.

Gender inequality in the labour market

Gender differences in the labour market are an important aspect of this inequality. Women tend to be concentrated in the lower-status and lower-paid jobs. They are also more likely to be out of work. Recent ILO figures (*World Employment Report, 1998-99*) show men's unemployment rates as being higher than women's in only 22 out of 70 countries for which sex-disaggregated figures are available. To overcome unemployment, it is necessary to pay attention to these basic structural problems. They will not disappear, because they are embedded in the way economic systems function.

Impact of globalization and technology on employment

Globalization and rapidly changing production systems create both major new opportunities and problems for employment. Businesses throughout the world have to respond ever more rapidly to new technology, new competitors, and erratic financial flows. This is often to the detriment of employment, especially in large enterprises, as work is reorganized to achieve productivity goals, or capital-intensive systems are introduced to meet the quality standards demanded on world markets. Rapid productivity growth, especially in industry, has led some observers to argue that the

employment intensity of growth has declined permanently. ILO research does not support this contention, largely because of faster employment growth in other sectors, notably services. But there is increasing polarization of labour markets, as the demand for high levels of sophisticated skills increases, while pressures on costs simultaneously lead to a growth of low-paid, ill-protected and often transient workers. As a result, informalization has evolved in tandem with the growth of technologically sophisticated global production systems.

The policy framework

ILO work on employment policy

Employment policy is a field in which the ILO has a substantial capability for research and technical cooperation, built up over the last three decades. While resource constraints and organizational fragmentation have been limiting factors in recent years, major contributions continue to be made on the employment aspects of labour market policy, informal sector promotion, infrastructure development, training systems, gender policies, enterprise development and other domains. Recently, work on employment strategies undertaken as a follow-up to the World Summit for Social Development has brought these elements together in comprehensive reviews of national employment policy. These have highlighted the importance of developing employment policies through social dialogue.

New priorities in ILO employment policy

The new international environment calls for new priorities and a concentrated ILO effort to renew the combination of research and action in critical areas for the future development of employment policy, with full employment as the goal. There will be a specific concentration on three crucial determinants of employment: macroeconomic policy, the transformations of production systems and enterprise strategy, and equality of access to employment and to labour markets. In all cases the aim will be to mainstream employment objectives into national policies.

Macroeconomic policy and employment

Macroeconomic policy

Macroeconomic success is one of the primary determinants of employment growth. Both longer term growth and development and shorter term economic fluctuations have a major effect on the labour market. Making employment a core objective of macroeconomic policy is an essential ILO responsibility. Clearly the areas of macroeconomic policy reform needed for the fight against unemployment and poverty extend far beyond the ILO's immediate concerns and competencies. Nevertheless, macroeconomic policy is too important a determinant of employment to be ignored. Issues which require analysis by the ILO include:

Employment impact of financial shocks

The employment impact of shocks and fluctuations. While economic shocks will generally have an adverse effect on the labour market, the choice of macroeconomic instruments — fiscal, monetary, exchange rate policy — is a major determinant of the consequences for employment. There is a need to acquire a better understanding of the employment implications of such choices so as to inform decision-making.

Labour demand

Labour demand. Despite evidence to the contrary, a popular view remains that the employment intensity of growth is declining. More systematic work is required to identify the main sources of growth in labour demand in economies of different types, the relationship with overall patterns of trade, consumption and investment, and the implications for industrial policy.

Links between macroeconomic and labour market policies

The linkage between macroeconomic policy and labour market policy. Labour market reform may be an important complement to macroeconomic policy, by changing incentives, by reducing the impact of adjustment on poverty or inflation, and by providing institutions for dialogue and protection which offer legitimacy and resilience. Labour institutions in many developing countries have been too weak to cope either with the social consequences of crises or more generally with the effects of integration into the global economy. More needs to be done to strengthen these linkages.

Investment and labour markets

Investment and employment. The employment implications of financial sector regulation, and the ways in which labour market institutions influence perceptions of investors and their incentives, are an important area of work for long-term employment policies. These issues have so direct an impact on working life that no organization with a mandate to promote employment can afford to ignore them, a point underlined by the effects of recent economic crises on employment and incomes. In these circumstances the ILO must play a more active role in analysing current economic prescriptions and institutional frameworks, alerting policy-makers, workers and employers to the implications of their choices, and suggesting workable alternatives.

Improving international governance

While a widening of ILO expertise will help support employment policy at the national level, these are issues for which the international community as a whole needs to develop new and more socially relevant structures of governance. Increasingly, the integration of global markets for goods and capital implies that national macroeconomic policy has to be set within internationally coordinated efforts, either within regional integration or at the global level. The ILO has a major contribution to make to this new institutional architecture.

ILO role in information and analysis on employment

The key elements in this effort are information and analysis. The Office must establish itself as the world's leading source of aggregate, up-to-date employment information, illuminating public debate, guiding public policy, and building social concerns into the development of macroeconomic policy. It should undertake regular analyses of macroeconomic trends and policies, including both short-term stabilization measures and longer term development policies, identifying trade-offs between employment and other goals, the implications for gender equality, and other priority concerns. It should also highlight these as matters for both tripartite discussion and public debate. This analysis, complemented if necessary by short- and medium-term projections, will provide a basis for clear public positions on policy priorities at the national and international level. The ILO has already made a significant advance in publishing a series of *World Employment Reports*. These will continue, analysing in depth priority macroeconomic concerns and taking full account of the cross-cutting priorities of gender and development.

Promoting employment in changing production systems

Transformation of production systems and labour markets

The other major factor driving employment trends is the transformation of production systems and labour markets. Growing pressure in favour of adaptability from both enterprises and workers is changing the rules of job creation. Many sectors have been radically affected by globalization, with different stages of production scattered across countries and suppliers. A new wave of information and communication technologies is reshaping the way some people work and live, creating new, geographically dispersed occupations and destroying others. Knowledge and continuous learning are increasingly seen as the key to business success.

Employment impact

Much of this change is being led by transnational corporations which are responsible for global transfers not just of capital and technology but also of new work practices, through production chains that have a major impact on employment, on skills creation and on gender roles. These transformations in production systems are creating new opportunities. But at the same time growing competitive pressures foster informalization, and growing numbers of workers are entirely excluded from the process of change.

Adapting to change

These developments are crucial for employment policy. Decent jobs will be created when firms and workers are able to adapt and acquire new capabilities so as to take advantage of new opportunities. Employment policies must anticipate technological and institutional change, so that workers are equipped to move into new jobs and enterprises have the skills and incentives to create them.

The role of small firms

In these changing production systems small firms are playing an increasingly important role as links in the chain of suppliers, as part of the local network of producers or, less positively, as lower productivity alternatives for those who fail to gain access to formal sector employment. Though large corporations have a major influence on job creation, in fact most new employment is created in small enterprises. These may involve anything from a single self-employed person in the informal sector to complex production units employing dozens of wage workers. Plenty of these jobs provide secure incomes and a decent working environment. But there are many poor jobs as well, low in productivity, dangerous or lacking in basic social protection. Women are particularly over-represented in such categories. The heterogeneity of this sector epitomizes its policy challenge.

InFocus programme to boost employment through small enterprise development

Various initiatives have developed or are under way within the ILO to promote employment and productivity in the informal sector and in small enterprises. These efforts will be brought together as the nucleus of an InFocus programme in this area (box 2.3).

Enterprise restructuring

The focus on the enterprise will be a key element in the ILO approach to job creation, an important aspect of which would concern enterprise restructuring. In many countries structural adjustment and changing competitive advantage seem to be driving a continual process of restructuring of larger enterprises, which generally means downsizing. This has affected millions of employees, particularly in North America and Europe, but also in many middle-income countries. However, studies now show that the way this occurs often adversely affects organizational performance and results in repeated downsizing. Senior managers report that downsizing has not just eroded morale and trust, but also reduced productivity. All this suggests that there is both employer and worker interest — and hence prospects for partnership — in developing restructuring strategies that maintain the human resources and energies of the enterprise by giving adequate attention to the human and social side of restructuring. The gender dimension is also important; in restructuring it appears that men are often the main losers.

Building consensus on restructuring

The ILO has a comparative advantage in developing and promoting approaches that build consensus on restructuring and maintain employee commitment and participation. The Organization must be ready with information and advice, showing how jobs can be saved without prejudice to economic goals and how new jobs can be created. It should also track the implications of technological change with the same objectives in mind.

Box 2.3
InFocus — Boosting employment through small enterprise development

This new programme will harness the ILO's diverse technical capabilities to promote the large-scale creation of quality jobs in small enterprises. The ILO has a wealth of practical experience adapted to the small firm: enterprise development, conditions of work, micro-credit, informal-sector development, regulatory and fiscal frameworks, and options for organization and representation.

The Organization will develop policy instruments which can support the growth of decent, remunerative, gender-equitable employment in a wide variety of production settings. This will require fresh research on the workings and dynamics of small enterprises. More will need to be known about how policies aimed at jobs in small enterprises can contribute to other major goals, such as ending child labour or providing decent levels of protection and security. The position of women in small enterprises — both in terms of development of entrepreneurship and in terms of access to good jobs — needs particular attention. Regulatory frameworks will need to be examined in terms of both economic and social consequences.

Particularly important is employment in the informal economy. A large and growing segment of the labour force will be engaged in informal activities for many years to come. So if the ILO is to take sustained action against poverty it must devise effective approaches for unorganized and informal enterprises, whether it be credit and business development services that can help them join the regulated economy or — at the low-productivity end of the scale — direct transfers and employment promotion within broader anti-poverty programmes.

This expanding knowledge base will support a range of technical support and advisory services. These will take advantage of new instruments such as the Recommendation adopted at the 1998 Conference, as well as the ability of the ILO's constituents to promote new forms of representation and organization of small firms and their workers.

This will require a range of integrated services; and, since the ILO cannot reach the population of small firms as a whole, it will need to help create and nurture institutions that can multiply such services. It will be important to find institutions and partners that can provide the capital for business expansion and also to explore tripartite involvement in micro-credit systems. The result should be to place small enterprises squarely at the heart of employment strategy, and to ensure that they create both more and better jobs.

Raising the quality of employment

A similar case can be made for more ILO work on the gain for both workers and employers of raising the quality of employment. As labour markets become more flexible, enterprises demand the freedom to adjust their workforce and conditions of employment to prevailing market conditions. They argue that attempts to provide greater protection for workers increase their costs, reduce their competitiveness and undermine their ability to create jobs. Many employers subscribe to broad universal principles, such as non-discrimination, for example, or the elimination of child labour, but they are less unanimous on some other labour standards.

Quality of employment and productivity gains

The ILO has always emphasized the importance of regulating labour markets, for preventing exploitation, promoting security, building consensus and encouraging social integration. But the Organization needs to go beyond the moral high ground and also make its case on economic grounds. Safe and secure workplaces do not just meet vital human needs, they also boost productivity and enable businesses to grow. If the institutional framework is right, secure workers invest more in themselves and in their jobs. Adaptability is necessary, and it sometimes leads to the loss of jobs and enterprises. But social policy can also be a productive factor, helping to raise productivity and improve the social environment. The ILO should therefore systematically marshal and synthesize the evidence that shows how employment quality can pay for itself through productivity gains. If the ILO can strengthen its work in this area it will have a firmer and more scientific basis for resolving apparent conflicts or trade-offs between the "quality" and "quantity" of jobs.

The pivotal role of education and training

In the context of changing production systems there is increasing recognition of the pivotal role of education and training for both economic and social goals. No society can succeed in a globalized environment unless its people have adequate *knowledge and skills*. These are vital not just for maintaining competitiveness and ensuring adaptable and productive enterprises but also for achieving personal and social development. In particular, a well-functioning system of education and training enhances both economic and social integration by offering opportunities to many groups who would otherwise be excluded from the labour market. This is especially important for promoting gender equality and overcoming many forms of discrimination.

Integrated strategies to build — and use — human capabilities

It is striking that lifelong learning and skill development are now widely regarded as the lynchpin of strategies to promote employment — striking, because it is also clear that attempts to generate employment through training programmes have often failed. What these experiences have demonstrated is that integrated strategies for employment promotion are needed that simultaneously build human capabilities and create opportunities to use those skills. Operating on the supply or the demand side alone is not enough.

Obstacles to developing integrated strategies

In fragmented labour markets, developing such integrated strategies is not easy. Flexible, mobile workers have little chance to develop their capabilities, and employers less incentive to invest in their skills. This then further heightens polarization, as workers without access to knowledge and skills are left even further behind. Both within and between countries the wage differentials between the skilled and the unskilled have been growing in recent years, so that inability to invest in skills and knowledge seems to be a major factor in growing global inequality. The key question is the best way to raise investment in skills and capabilities, especially for low-income countries and unskilled workers.

ILO training activities

In the past the ILO has been extensively involved in many aspects of training. The Organization's technical advisory services, including those of the Turin Centre, have been in heavy demand, particularly on training system reform and policies for displaced workers. However, apart from management training, there has been less activity at the enterprise level. Moreover, until recently training activity was undertaken separately from other work on labour market and human resource policies.

InFocus programme on investing in knowledge, skills and employability

In future, training will be set in a wider developmental framework. The most recent *World Employment Report*, which focused on training for employability, highlighted the need for new approaches and for integrating training with other policies to promote employment. Because of the importance of this issue, for both enterprises and workers, a new InFocus programme will aim to make access to learning the backbone of efforts to promote more and better jobs (box 2.4).

Working time

A final issue that should be considered for future activities is *working time*. This has always been at the core of the ILO's concerns, but there are a series of new developments which call for attention. New work schedules are emerging with changes in the economy and in society. There are new production systems, new combinations of family, community and market work, new employment relationships based on information and communication technologies, new needs for continuous learning. Changes in working time are widely seen as a means of promoting employment or raising its quality, but this relationship is far from straightforward, and in many situations working time is lengthening. There appears to be a trend towards greater

Box 2.4
InFocus — Investing in knowledge, skills and employability

In most countries, both private and public sector investment in human resources development remains inadequate. Labour market and training institutions are often too sluggish to cope with changing needs for knowledge in production systems. Considerable inequality, notably gender inequality, persists in access to education, knowledge and skills. As a result, the potential of skills development to help reduce unemployment remains largely unfulfilled.

This InFocus programme will be a new strategic initiative, built around the ways in which human resources development can help support employment growth. It will address the contribution of lifelong learning to competitiveness, employment and productivity in a changing technological environment, and will seek out ways of raising investment in skills and capabilities in small enterprises. It will examine gender discrimination in education and training systems and how it might be reduced, and ways in which the school-to-work transition can be facilitated in order to help reduce youth unemployment, exploring among other issues the effectiveness of different forms of apprenticeship. The programme will also look at ways in which the development of skills and capabilities can effectively promote the social and economic reintegration of displaced workers.

The ILO will construct a substantial capability to address these issues, both within the Organization and in collaboration with external networks. This work will identify and evaluate success stories, determine where investments in skill development have shown the highest returns, and identify institutions that have effectively guided this process.

Much of the work will be done in partnership with national and international centres that have built up expertise in this domain. The ILO's value added will be to set this information in an international context and use it to provide guidance and reference points in policy formulation for constituents worldwide.

This expanding knowledge base will support a range of technical support and advisory services. In particular, it will identify and promote crucial new areas for policy action, compile information on the policy instruments available to tackle them, and build these into action programmes at the national level through the ILO's technical advisory services.

This programme should significantly enhance the capability of ILO constituents in this field, and also widen the range of policy options for integrating knowledge, training and skill development policies into the major ILO objectives of employment promotion and social integration.

diversity of working time patterns, and existing labour market regulations and institutions have increasing difficulty in accommodating them. More attention will be given to this issue, which has important implications not only for employment but also for all the ILO's strategic objectives.

Promoting widespread access to jobs and incomes

Access to jobs and incomes

Promoting employment requires greater equality of access to jobs and incomes. Current global trends seem to be intensifying rather than reducing inequality. Employment policies are required which favour universal access to jobs and incomes, both to reduce poverty and exclusion and to take full advantage of human capabilities in the creation of income and wealth.

Unequal access to labour markets and inadequate employment

The InFocus programmes on small enterprises and on skills and knowledge mentioned above address the issue of inequality. Two aspects of this issue deserve attention. The first concerns structural factors which cause unequal access to labour markets. They are directly responsible for both unemployment and inadequate employment, and demand continued attention. Second, much poverty can be simply traced to inadequate employment, and employment creation programmes therefore continue to play an important role in combating it. Neither of these areas of work is new,

but both need to be continued to provide an important complement to the broader macroeconomic and production system issues outlined above.

Gender inequality in employment

Workers are not randomly distributed across types of jobs and labour market situations. The jobs they do are strongly affected by such factors as their race, ethnic origin, caste, age or gender. Gender is a ubiquitous source of labour market inequality. Women form the majority of unpaid, atypical, or discouraged workers. ILO research and advocacy has focused on this issue over many years, but it needs to be built more effectively into employment policy. Because gender inequalities are so pervasive, they cannot be dealt with in an isolated fashion, but need to be considered in relation to each and every aspect of the employment problem.

More and Better Jobs for Women Programme

The Organization is responding to this issue through a variety of programmes and actions. The programme on More and Better Jobs for Women is developing integrated approaches to women's employment, highlighting the linkages with poverty eradication, the effective use of human resources and the reduction of child labour. The stress on better jobs reflects the need to address both the quantitative and the qualitative dimensions of employment relationships. The programme leads to national action plans for creating an enabling economic and social environment for women's employment and making targeted interventions to improve labour market access for specific vulnerable groups. Eight national action plans have already been prepared in close collaboration with the social partners, and many more are planned. A variety of projects on different aspects of women's employment are under preparation or being launched.

Gender, Poverty and Employment Programme

Another important ILO programme is concerned with gender, poverty and employment. This aims to ensure that all development policies and programmes reflect gender and employment priorities. It focuses particularly on vulnerable groups, largely women, such as homeworkers and "hidden" workers in the informal economy, and promotes strategies for increasing the quality of their employment.

Building gender perspectives into research and action

These and other such programmes will be part of the cross-cutting policy to build gender perspectives into research and action throughout the range of ILO activities concerned with employment and enterprise.

Youth unemployment

Unequal labour market access shows up particularly in the employment difficulties of young people, both men and women. Young people are more frequently found in irregular and casual employment, and their unemployment rate is generally much higher than that of adults. In 1997 in the OECD countries, unemployment in the 15-24 age group averaged 13 per cent, twice the adult rate. In developing countries the rate of unemployment of urban youth can reach 40 per cent or more. Youth unemployment is not a problem that can be solved in isolation, for it is not only a question of employability but also the result of lack of demand for labour, and of the unequal ways in which labour markets distribute opportunities. Improving the school-to-work transition requires action on both the demand and the supply side. The InFocus programme on investing in skills, knowledge and employability will pay particular attention to this issue. Many governments have put in place active labour market policies designed to help young people, and recent ILO programmes have evaluated the impact of these programmes; so this is a subject on which the Organization is well placed to offer technical advice.

Employment problems of other vulnerable groups

There are a number of other groups of workers who are particularly vulnerable to labour market inequality. Older workers who are displaced from regular, protected jobs are often excluded prematurely from work, or

end up in precarious jobs. Disabled workers face equally serious problems. The InFocus employment programmes will also address efforts to deal with the needs of these groups. Thus, the programme on small enterprises will aim to open employment opportunities for them, and the programme on knowledge and skills should be of particular significance for all groups.

The role of employment services

Employment services have a great deal to offer in overcoming labour market inequality. Ideally, they should be integrated with labour market policies, training and unemployment insurance within a single, consistent framework. These are issues that need to be dealt with together so as to deliver a coherent package of public information, counselling, placement and training services, capturing both the supply and the demand side of the labour market. An integrated approach would be particularly important for workers displaced by economic restructuring — an issue that will be addressed in the InFocus programme on skills. Integrated action is also important for other groups that face longer term labour market disadvantage. A greater effort to extend support to national policies in this field is needed, and the ILO could take the lead in promoting further research at the international level on how best to develop the necessary integrated institutions.

Employment policy and poverty

The final issue in this section is the contribution of employment policy to action against *poverty*. Reference has been made in Chapter 1 to the need to address the problems of the working poor as a matter of priority. The ILO has been widely involved in direct assistance to the development of strategies for job creation and income generation in low-income settings. These policies have included the raising of production capabilities in small urban and rural enterprises, local development initiatives, a variety of measures to raise labour absorption in the rural economy, and a range of employment-intensive infrastructure schemes.

Employment through improving infrastructure

Many developing countries can achieve multiple benefits with carefully designed schemes for improving roads, irrigation, sewerage and other infrastructure. As well as providing facilities of value to the whole society, schemes that use labour-intensive methods generate employment for large numbers of poor people, often mobilizing small, informal enterprises where many of the poorest workers are concentrated. Their poverty reduction effects are further amplified if the facilities are specifically beneficial to low-income groups or lead to improvements in their land, houses or other assets. The livelihood of the poor is steadily undermined by soil erosion, water pollution, deforestation and other forms of environmental degradation. More attention needs to be paid to these ecological and environmental issues, which have an important effect on employment. Environmental regeneration is itself a major potential source of employment and, in the longer term, environmentally sustainable development will also lead to sustainable job creation. Programmes that restore the environment thus not only confer benefits on society at large but also build more sustainable livelihoods for those who work in these environments. More work is required to explore these possibilities.

Expansion of social services

Governments can also generate employment by expanding social services. By investing in such areas as health, education and nutrition and in technical and vocational training they achieve social employment benefits. Most immediately, they create jobs for local health workers or teachers. But there are also the long-term employment gains; a healthier, more educated, and higher skilled population is the surest route to higher productivity and better standards of living.

Box 2.5
InFocus — Reconstruction and employment-intensive investment

In the long run, employment creation depends on sustained economic growth. But many groups facing short- to medium-term income and employment shortfalls can benefit greatly from direct interventions that offer them jobs and incomes. The most urgent needs arise at times of natural or man-made crises such as war, crop failure, macroeconomic fluctuations or climatic disaster, but similar approaches can also help to deal with situations of persistent extreme poverty.

Maintaining income levels under these circumstances generally requires a battery of programmes adapted to the needs of different target population groups. To assure reconstruction and income sustainability, however, such programmes, often short term in nature, need to be linked to longer term investment in production capacity

This is an area in which the ILO has built up a solid technical capacity, and a new initiative aims to consolidate and extend the ILO's contribution. This will involve further developing packages of interventions appropriate for different situations, and applying them in technical cooperation activities. Interventions will involve short-term income generation through infrastructure development and other projects for public employment, while at the same time building up production capabilities. The latter will include, in addition to the infrastructure programmes themselves, programmes for the development of skills, enterprises, credit systems and markets. The programme will therefore also look towards longer term goals of development, including the promotion of gender equality, human security and the provision of stable, decent work opportunities. This requires wide-ranging partnerships with other organizations, both national and international — the World Bank, the UNDP and others — in comprehensive strategies to overcome poverty.

Comprehensive policy packages

For many years the ILO has supported research and technical cooperation on employment creation as a means of reducing poverty, at times on a large scale. In recent years, this has been extended to such issues as recovery in conflict-affected countries. Experience with these programmes has confirmed the importance of a comprehensive package of policies, including direct intervention to create jobs, labour market policies, policies to raise production capabilities, and complementary measures to assure income security. These programmes must have a strong gender focus to avoid replicating existing inequalities.

InFocus programme on reconstruction and employment-iniensive investment

An InFocus programme on reconstruction and employment-intensive investment will be developed to pursue work in this area. This should help maintain momentum, consolidate efforts and assure a substantial ILO contribution. The programme will concentrate particularly on the situations that emerge in the wake of crisis and in conditions of extreme poverty (box 2.5).

Strengthening social protection and social security

Social protection models

Reform of systems of social protection has become a major priority almost everywhere. For much of the twentieth century, two approaches coexisted as alternative models, one in the centrally planned economies, the other in variants of welfare states. Today, the one is disappearing and the other is under pressure from higher unemployment, ageing, increasing numbers of female-headed households, higher poverty rates, greater mobility and changing expectations as to the role of social protection systems. Those systems have been a major achievement of the twentieth century. Though they have taken many forms in different countries, a primary objective has

been to curb the harshness of market forces so as to prevent poverty, help maintain incomes and ensure adequate access to medical care and social services. The ILO has played a leading role in these efforts, setting appropriate standards and helping constituents to develop effective systems.

Re-examining national social protection systems

Many countries are now re-examining their systems, questioning their structure, impact, effectiveness and equity. Critics in industrialized countries argue that established systems of social protection are too expensive, or that they have eroded principles of social solidarity and universalism, or that they are a brake on economic progress, slowing growth and reducing competitiveness and employment. In the transition economies orthodox social protection seems incapable of covering large proportions of the population. Critics in developing countries question the relevance of systems that cover so few people and offer such low levels of protection. Throughout the world there have been questions about the equity and efficiency of conventional systems in environments of flexible and unstable employment, with many more workers in the informal economy.

Increased need for social protection

These developments call for more and better social protection, not less. In a world of rising social exclusion the arguments for social protection remain as valid as ever. Certainly the need to cushion the impact of economic crisis is just as great; the Asian financial crisis is only one illustration of an economic downswing leading to social devastation. This hits particularly hard at urbanizing societies that have lost traditional forms of social protection, the process of rural-urban migration and urbanization having eroded informal networks of support based on extended families, kinship and communities.

Potential benefits of protection

While social protection can meet essential needs of human survival, its potential benefits are more far-reaching. In rapidly developing societies social protection can bolster stability, minimizing social unrest and helping countries adjust more easily to social and political change. It can also contribute to the economy, enabling industries and enterprises to restructure and raise efficiency, and enabling workers to accept change more easily.

The ILO's advocacy role

The ILO must continue to advocate more effective social protection. Within a market economy individual responsibility must go hand in hand with social protection; one reinforces the other. Social protection has proved its value in industrial countries. The ILO's task is to develop this economic and social strength in the world as a whole.

Adjusting to social change

Adjusting strategies

Social protection strategies need to adjust to contemporary circumstances. Many societies have undergone radical change in the composition and size of families, in the age structure of populations, in the balance between urban and rural populations, and in the composition of employment. There have also been fundamental shifts in values, particularly towards those that emphasize the importance of the individual and that demand full gender equality. These transformations have implications for social protection.

Industrialized countries

In the industrialized countries, such changes have provoked widespread debate. While they have achieved an enormous amount, the growth and scale of social security schemes have raised questions about their financial sustainability. However, a strength of social protection systems is their ability to evolve and adapt. With its tripartite structure the ILO is well placed to promote and support the kind of lively social dialogue that is needed to reach a new consensus on ways to provide social protection for all.

Box 2.6
Social insecurity in Eastern Europe

In the 1990s the countries of Central and Eastern Europe have experienced greater freedom and democracy, but many have struggled to provide their people with adequate social protection. Previously the large state enterprises and organizations served as channels for a system of cradle-to-grave protection. But those have now withered. Rates of poverty and inequality have risen sharply. In some countries, notably those of the former Soviet Union, mortality rates have risen and life expectancy has fallen. Millions, who would still be alive had life expectancy stayed at its level of the end of the 1980s, have died.

New systems are needed, but it is clear that highly targeted schemes will not be appropriate and will be difficult to operate. Many of these societies and their administrative structures are ill-equipped to operate complex means-testing formulas or conditions for entitlement. While millions of people have become dependent on means-tested benefits for survival, large numbers have slipped through the net. The old mechanisms urgently need to be converted into legitimate, viable and socially equitable systems appropriate for the new economic realities so that they meet the needs of the poorest and most vulnerable.

Developing countries

In many poor countries, the main issue is very low coverage. Conventional systems of social security apply to less than 20 per cent of the labour force in most developing countries, and to less than 10 per cent in much of sub-Saharan Africa. In developing countries it has been assumed that statutory social security systems would steadily be extended to cover many more people, but this has not happened.

Transition economies

In many transition countries the previous system of social protection has collapsed without any prospect of replacement. The centrally planned economies had delivered social benefits and transfers via enterprises and trade unions, but the disappearance of many of the old industries has left whole communities bereft and desperately seeking alternatives (box 2.6).

Extending social protection

A minimum level of social protection for all

Everybody — regardless of where they live — needs a minimum level of social protection and income security, defined according to their society's capacity and level of development. This will not happen automatically. Experience has shown that it is insufficient to rely solely on economic and democratic development. Each country must develop through social dialogue a national social protection system that addresses the needs of all its people, particularly those of women and of the excluded groups working in the informal economy.

Extension of social security: Pluralistic approaches

Some countries will be able to achieve this by restructuring their existing social security system and extending its coverage. Other countries, however, will have limited scope for extension. Instead, they will need a more pluralistic approach, devising complementary measures that embrace those not covered. Each country must set priorities according to local resources and circumstances. Developing countries may make different choices from industrialized ones. Thus, while richer countries are more preoccupied with income security in old age, poorer countries may accord higher priority to adequate health care and to insurance against the risks of incapacity and death.

Mutual support systems

Official systems will need to work closely with community schemes. Lacking public provision, many communities and groups of workers have established their own systems of mutual support to share risks and resources. Such associations make an important contribution and need to be fostered

Box 2.7
Basic social protection in low-income communities

In low-income communities and countries, often the primary challenge is to ensure that everybody has a sufficient income and access to basic services on which to survive. In response to local needs a number of experimental schemes have evolved, sometimes with the backing of local governments, sometimes through the initiative of private groups, sometimes through public-private partnerships. While some may be culture-specific, others may be replicable in other parts of the world. The ILO should identify these schemes, evaluate their design and effectiveness in ameliorating the condition of the poor, and consider their sustainability and replicability, as well as their role in national and sub-national systems of social protection. This analysis should consider problems of insufficient funding, the adequacy of benefit coverage, any tendency to exclude certain groups, especially women, and the need for reinsurance to cover the risk of financial collapse. The ILO should also examine the potential moral hazards or adverse selection features of such schemes. Above all, the objective should be to identify good practices for use in difficult conditions. Impoverished communities cannot wait for the ideal, and need basic structures on which to build a viable system.

and developed (box 2.7). The ILO has also taken this more pluralistic approach in a global project on social protection aimed at extending coverage — Strategies and Tools against Social Exclusion and Poverty (STEP).

Strengthen existing social security schemes

The emphasis on the extension of coverage does not mean ignoring those in formal employment. The ILO will continue to assist member States in developing integrated strategies that both strengthen social security schemes and improve their range of benefits.

Improving governance of social protection

Problems with governance

Social security systems in industrialized and some middle-income countries are relatively well administered, but schemes elsewhere work less well, in part due to failure in governance. This may occur at any stage in the process — during planning and design, while preparing the legislation, in making the institutional arrangements, or during day-to-day operations. There are many common weaknesses. Lines of responsibility are frequently unclear, particularly the respective roles of the minister, the board of trustees and the chief executive. Administration is often poor, with inadequate record-keeping and high costs. Moreover, schemes are often afflicted by evasion and corruption and are subject to arbitrary decisions that undermine credibility and viability. And in many cases the social partners have little opportunity to participate.

The causes

Some of these weaknesses are understandable. Coordinating, supervising and assuring the quality of many individual schemes within a national social protection network is a complex task for which many policy-makers and managers are ill prepared. Governments are frequently tempted to promise more than weak administrative systems can reasonably deliver, expecting them to operate procedures and provide services even though they lack the necessary capacity or funds.

Funding difficulties

Finance is a persistent problem. Indeed, the potential for public funding of social security seems to be waning. In most industrialized countries social protection accounts for a significant proportion of national income, but the contributions base is steadily being eroded by the effects of globalization, economic instability, flexible labour markets and the growth of the informal economy.

Areas for reform

These pressures are leading to demands for radical reform. Governments are reassessing who should provide social protection, looking at the division of responsibility between central and local government, public enterprises, private commercial firms, voluntary organizations and the individual. And throughout this process they are faced with the problem of balancing and harmonizing protection between formal and non-formal workers.

Decentralizing responsibility

Where formal systems of social security are restricted the best way to ensure legitimacy, equity and efficiency may be to delegate responsibility to local communities. This would also help widen participation, particularly among the groups most at risk of exclusion, especially women, the disabled and others with special needs. This more pluralist approach has advantages, but it also raises many serious questions. Can these dispersed systems sustain social solidarity, sharing responsibility across all social groups? Who, for example, will underwrite small-scale non-governmental schemes so as to offer protection in the event of catastrophic failure? Another issue is participation in decision-making and in the management of such schemes. Will they have representation from workers, employers, beneficiaries and other stakeholders?

Managing pension funds

There are also questions about the management of pension funds. Moving from pay-as-you-go systems towards funded schemes may ease some old problems but it raises new issues, particularly with regard to investment. In a number of countries pension funds are now so large that choices as to where to invest them have significant social and economic implications which demand reflection.

ILO help to government agencies and social security institutions

This new and more complex environment will demand a great deal from the ILO. The Organization must help government agencies and social security institutions to deal better with complex social protection networks so as to assure their long-term economic and financial viability. The Organization will therefore continue to provide technical, legal and managerial advice, in addition to offering training for social security planners, managers and supervisors. This will involve developing and disseminating quantitative technologies, training national personnel, and advising on a wide range of issues — legislative, actuarial, financial and economic.

Linking labour market and employment policies with social protection

Coordinating employment and social protection policies

Social protection systems transfer income to the sick and others who cannot earn their living. Labour and employment policies seek to increase the number of decent jobs. These two sets of policies should be complementary. A country that offers adequate social protection will be reducing open unemployment as well as easing necessary adjustment in the labour market. A country that pursues a full employment policy will be reducing the demands on its system of social protection. But there can also be negative forms of feedback. If, for example, labour market policies encourage early retirement or offer generous invalidity conditions, they will also increase dependency ratios and pension costs and may overstrain social protection budgets. These and many other interconnections demand that labour market and social protection policies be considered together.

Re-integrating marginal groups into the labour market

Many governments are linking these two policy areas more explicitly, using social protection to reintegrate marginal groups into the labour market. They are aiming to avoid circumstances of "moral hazard" that tempt people to remain on benefits, while trying to help them escape "poverty traps" and "unemployment traps". The most active programmes

include various "workfare" and "welfare-to-work" schemes that reduce benefits while correspondingly increasing the incentives to work and easing the transition to employment. In some cases social protection systems create jobs directly for those excluded from the primary labour market. All these schemes raise important issues of principle, efficiency and equity that the ILO will need to monitor closely, considering them along with proposals for valuing unpaid work.

Major social protection issues

Health care coverage

For people all over the world one of the most pressing social protection issues remains *health care*. In many countries this has attracted less attention than pensions, but in the early years of the twenty-first century enhancing social protection and social solidarity may hinge more on reforming health care than on reforming pensions. The ILO has a long tradition of setting standards and offering policy advice on financing and delivery of health care, and in future, besides continuing to advocate the extension of social health insurance, the ILO will examine the scope for innovative schemes, such as community-based micro-insurance. This could be done in collaboration with other agencies, notably the World Health Organization and the World Bank — a cooperative approach that should help avoid the kind of protracted international debate and confusion that characterized pension reforms in the 1980s and 1990s.

The caring economy

Many millions of people spend much of their lives caring for others. It is part of the global growth of *voluntary and community work*, much of it informal. This is real work, done mostly by women, and it deserves to be treated as work, and compensated as such. There is growing international awareness of this fact — and quite rightly, too. So far, it has been an issue that has preoccupied only a few industrialized countries, and even there it is unclear which principles should guide policy-makers. Several approaches have emerged, including care insurance as introduced in Germany, the proposal in the United States to provide tax credits to defray the cost of long-term care for the elderly and disabled, and the recent announcement in the United Kingdom that pension credits will be introduced for those providing care. The ILO needs to take account of these debates in order to assess the advisability of alternative ways of encouraging *decent* care work, in which those providing the care are adequately protected and remunerated and in which those receiving the care are adequately served and protected, whether the care is for sheer survival or to enable them to be active citizens.

Gender aspects

How care work is treated has a direct bearing on the position of women in society. A danger to be avoided is that women may be pushed into a segmented sphere of low-paid, exploitative services in which moral pressure condemns them to long hours and arduous working conditions. How to avoid this, and to provide care work that is beneficial for those requiring care and those providing it, is a challenge for social and labour market policy that deserves higher priority than has been the case during the past century. The ILO intends to study the evolving systems in member countries, both formal and informal, and produce a report evaluating the alternatives. In doing so, we must ensure that the basic values of solidarity, family responsibility and friendship are not eroded by a purely commercial view of the problem.

Unemployment insurance

One of the most urgent areas for attention is that of *unemployment benefits*. Even in industrialized countries the benefits system appears increasingly inadequate. On the one hand the large numbers of long-term unemployed are putting budgets under strain. On the other hand, many other unemployed lack entitlement to benefits. The situation is much worse in

Box 2.8
InFocus — Economic and social security in the twenty-first century

A keyword of the 1990s has been "insecurity". In developing countries the vast majority have long faced chronic insecurity, but even in industrialized countries many people feel anxious and uncertain of their entitlements in society and in work, and vulnerable to economic and social developments that are beyond their control. Many communities have been detached from mainstream services for social protection and support — partly a result of more flexible and informal labour markets and higher levels of unemployment. Even those who have derived some security from their skills have seen these eroded by rapid structural and technological change. Particularly exposed are those in the informal economy, which has few institutions to provide even a minimum of collective security, and women, who are subject to many forms of violence that undermine security in their homes, streets and communities.

The ILO intends to launch a programme which will seek to identify the factors that undermine security and the policy options that can fortify it, paying particular attention to schemes in low-income countries and communities and to the specific needs and aspirations of women. The programme will produce a comprehensive report analysing current trends and presenting coherent policy options that will enhance social and economic security while promoting long-term growth and full employment. It will also produce a composite set of indexes of socio-economic security, complementing the more standard indicators used to monitor economic performance.

The programme will also anticipate future developments. In the twenty-first century many more people all over the world will have flexible working lives, quite unlike the twentieth-century norm. In developing countries they will continue to work in the informal economy while in industrialized countries, they will regularly acquire new sets of skills and often change their work status, moving in and out of the labour force or combining activities. They will do so productively and effectively only if they have adequate personal security. The challenge for policy-makers, employers and unions will be to find policies that promote this personal flexibility with security. The ILO will therefore examine developments in member countries and will report on the results at a tripartite technical meeting.

developing and transition countries, where only a minority are covered by unemployment insurance — and even then the benefits are very low. Here too, many more people are becoming disenfranchised, partly due to legislative and administrative changes, partly due to the growth of flexible and informal employment.

ILO review of unemployment benefit schemes

The ILO will undertake a review of unemployment benefit schemes, considering alternative ways to provide income security for the unemployed and for those on the margins of the labour force. It is important to look beyond unemployment benefits systems that may not be appropriate for new flexible labour markets, especially those dominated by the informal economy, and to consider composite schemes that take better account of family circumstances and labour market experience.

Dynamic systems of social protection

Dynamic social protection

Dynamic economies require dynamic systems of social protection. These should encourage adaptation to change while ensuring that people have the basic social and economic security that will enable them to develop their human potential — at work, within their families and in society at large. The priorities will vary around the world. Developing countries need mechanisms that extend social protection to those on the margins of survival and at the same time integrate these schemes into pluralistic national concepts of universal social protection. The transition countries need to build up systems that respond better to the realities of major structural

change in their economies. And the industrialized countries need to look afresh at the coverage, adequacy and financial sustainability of many forms of social protection so that they respond better to more flexible, more decentralized labour markets and to changing family structures. Everywhere, countries will need to integrate different types of social protection into a coherent whole, supported by national consensus and continuously developed through social dialogue.

InFocus programme on promoting economic and social security

An InFocus programme will be launched to promote economic and social security in the twenty-first century (see box 2.8).

Improving protection at the workplace

Occupational health and safety

At the level of the firm, the key social protection issue is occupational health and safety. Every year about 250 million workers suffer accidents in the course of their work, and over 300,000 are killed. Taking account of those who succumb to occupational diseases, the death toll is over 1 million people a year. Yet international concern with awareness of health and safety at work remains surprisingly modest, and action is limited. Many developing and transition countries have little public information on this subject and need to reinforce their capacity to design and implement effective policies and programmes. Even today, many new investment decisions continue to ignore safety, health and environmental considerations.

InFocus programme on SafeWork

The ILO has always been concerned with occupational health and safety and will launch an InFocus programme on this issue (box 2.9). Given resource constraints this will need to be selective. It will focus on hazardous jobs and sectors and on groups of workers particularly exposed to occupational injuries and diseases, including those vulnerable on account of gender or age and those in the urban informal sector. The programme will aim to create alliances and partnerships around this issue while providing technical assistance to support national action.

New work-related health problems

A number of new work-related health issues have arisen in recent years. There has for example been increasing alarm over burn-out, as a result of work-related stress, "workaholism" and overwork, especially among highly

Box 2.9
InFocus — SafeWork: Security and productivity through safety and health at work

Taking accidents and diseases together, the global estimate of work-related deaths amounts to at least 1 million per year. The SafeWork programme will aim to create worldwide awareness of the dimensions and consequences of work-related accidents, injuries and diseases. It will promote the goal of basic protection for all workers in conformity with international labour standards, and it will enhance the capacity of member States and industry to design and implement effective preventive and protective policies and programmes. This may include the strengthening of the labour inspectorate. The primary focus will be on hazardous occupations.

The programme's approach will be two-pronged. First, it will create alliances and partnerships by launching activities that ILO constituents, non-governmental organizations and human rights groups can use in advocacy campaigns and to press for vigorous action by governments. Second, it will support national action through an integrated programme of direct technical assistance. This will include developing management tools and monitoring and information services that will help prevent occupational accidents and diseases and protect both workers and the environment. Activities will include:

- a worldwide advocacy campaign;
- a global statistical programme;
- national programmes of action;
- training programmes; and
- technical meetings for the international exchange of information and experiences on workers' safety and health.

paid white-collar workers. The ILO will prepare a special report, incorporating a gender analysis, to monitor these relatively new forms of occupational hazard and consider policies that might limit their incidence.

The challenge of global migration

Changing character of international labour migration

So far globalization has largely been considered with respect to flows of capital and goods. However, globalization and regionalization have altered the character of international labour migration. Although there are no reliable statistics, there may be approximately 100 million migrant workers and their families living outside their countries, of whom a growing proportion are women, often travelling alone and desperate for work and income.

Social consequences

In the long run, international migration is beneficial, helping to distribute opportunities and resources more efficiently and offering advantages to sending and receiving countries and the migrants themselves. In the short term, however, unregulated migration can be disruptive and may have unnecessary and unacceptable social consequences, on the one hand leading to the exploitation of clandestine workers, and on the other encouraging attitudes and behaviour that can be politically dangerous. The ILO has long been concerned with these issues, and with providing protection for migrant workers. The Organization has also encouraged policies that make the migration process beneficial for sending and receiving communities, and for labour markets generally.

New programme on labour migration in the global economy

In the next biennium the ILO's activities will reflect the growing importance of labour migration in the global economy. The primary objective should be to help forge an international consensus — which would include sending and receiving countries — on how to ensure adequate protection for migrant women and men and their families, while allowing orderly and advantageous movements of workers in search of better lives. The Conference will have before it the report prepared by the Committee of Experts on the Application of Conventions and Recommendations on the implementation of various ILO instruments in this field. New initiatives could be adopted at the Copenhagen, Cairo and Beijing +5 reviews.

Assessment of migration intermediaries

The Organization needs to make a systematic assessment of migration intermediaries. Labour contractors or job brokers have been playing an increasingly important role; some contractor agencies are exemplary, but others are fraudulent or exploitative and have been responsible for international trafficking in women. It is time to conduct a major study of formal and informal migrant labour contractors and agencies so as to identify best-practice policies and regulations and thus move towards international harmonization.

Strengthening social dialogue

Advantages of social dialogue

The ILO is a forum for building consensus. Its tripartite structure reflects a conviction that the best solutions arise through social dialogue in its many forms and levels, from national tripartite consultations and cooperation to plant-level collective bargaining. Engaging in dialogue, the social partners also fortify democratic governance, building vigorous and

resilient labour market institutions that contribute to long-term social and economic stability and peace.

Preconditions for effective dialogue

Social dialogue is a powerful tool that has helped solve difficult problems and foster social cohesion. But it cannot be taken for granted. Developing a reflex for consultation and negotiation takes time and commitment. It also needs social partners that have the capacity and will to engage in the process responsibly, and the strength and flexibility to adjust to contemporary circumstances and exploit new opportunities.

Freedom of association and collective bargaining

The State has an important role in enabling and fostering all forms of social dialogue. It needs to create an affirming environment in which the contributions of employers, workers and other groups are solicited and valued. A precondition for this is respect for freedom of association and facilitation of collective bargaining.

Obstacles to dialogue

Despite its proven worth, social dialogue is far from being fully utilized everywhere. In some countries freedom of association is still restricted, and in many others the opportunities for collective bargaining have narrowed in recent years. Trade union density is down in many countries. In some enterprises outmoded, hierarchical personnel practices can lead to acrimony and high labour turnover, breeding a chronically confrontational culture that in the long run is unproductive for both enterprises and workers.

Weakening of social ties

As well as facing familiar problems, social dialogue has been undermined by a number of recent developments that have tended to favour individual over collective action. More complex and flexible types of employment, for example, have loosened many social ties and have widened disparities between the skilled and the unskilled, between the formal and the informal economy, between young and old, and between men and women. Together with high levels of unemployment, these widening gaps have weakened the solidarity that previously sustained social dialogue.

Developments in industrial relations

At the same time, many enterprises have been changing their structure, dismantling the kind of hierarchy that underpinned traditional systems of industrial relations and moving away from collective bargaining. In addition, in many countries collective bargaining — where it occurs — has become more decentralized.

The rise of civil society

Growth of civil society groups

Another major development with implications for the social partners is the burgeoning of civil society groups. From the perspective of the ILO, two groups are particularly relevant, beyond its own constituents. The first consists of people on the periphery of formal systems of employment. These include self-employed micro-entrepreneurs in the informal sector who are on their way to becoming employers, as well as dismissed former salaried workers, for example, or associations of homeworkers who are beginning to form incipient trade unions. As their activities grow and become more structured, these people could flow naturally into either the employer or the trade union camp.

Non-governmental organizations

The second group is the myriad non-governmental organizations (NGOs) that have sprung up in the North and the South around issues ranging from global warming, to child labour, and to the provision of local water supplies. The growth and dynamism of NGOs is a hallmark of our era. They are important counterparts in international cooperation programmes. NGOs have been behind many voluntary initiatives that address corporate

citizenship and workers' welfare, such as codes of conduct and social labelling. Successful NGOs display strength, flexibility and imagination. They have their drawbacks; their action may be sporadic, their representation uncertain, their life-span limited and their funding unstable. The ILO has to support ways in which its constituents can work more effectively in partnership with these groups to pursue shared objectives. Closer links with civil society, if well defined, can be a source of great strength for the ILO and its constituents.

Strategies for employers' organizations

The evolving labour market scene has major implications for employers' associations, though their ability to respond to changing needs varies greatly.

Understanding the emerging business environment

The important challenge for employers' associations has been helping their members to understand the emerging business environment, and to respond to growing expectations for a wider range of services. As well as promoting and diffusing sound practices on human resources and industrial relations, they have been sharing insights on successful restructuring, helping companies improve their public profile and forging business networks.

Degree of centralization

A significant determinant of the role of employers' organizations has tended to be the degree of centralization. Where bargaining is conducted at the sectoral or central level, central employers' associations remain strong, but where bargaining has been more enterprise-based they have tended to form decentralized structures. With the shrinking of collective bargaining generally, the influence of employers' associations in these areas has been diminishing. They have also been encountering competition from private consultancies and other types of association that offer similar services.

Employers' organizations face particular problems in developing countries, where the modern private sector is small or diffused. They have been even slower to get off the ground in transition countries, where they often face legal, cultural and economic barriers.

Broadening the action and appeal of employers' organizations

Hence the resolve of employers' organizations to broaden their action and their appeal. They are increasing their capabilities to contribute to economic policy formulation on issues such as social security, education, trade and the environment. They are also widening the range of services they provide to their members in terms of the improvement of competitiveness and productivity, information technology, and training and consultancy. They are paying growing attention to small and medium-sized enterprises, while at the same time reaching out to larger companies. A fruitful area for action could be the development of expertise on issues related to corporate restructuring and social responsibility. Many companies are now under greater pressure from community and consumer groups to demonstrate their social responsiveness. This creates opportunities for employers' organizations to advise their members and help them link with the international community on these issues.

ILO assistance to employers' organizations

The ILO will increase its efforts to strengthen enterprises and to assist employers' organizations. The Organization has carried out research work on a broad range of subjects of interest to enterprises. It has also offered direct support, helping employers' organizations assess their development objectives and establish corresponding action plans. For the future, it will be particularly important to help employer's organizations to support employment policies geared to small and medium-sized enterprises, which serve as vital growth engines around the world. Codes of conduct are the other potential area of future work.

Strategies for workers' organizations

The diversity of global challenge

For workers' organizations the challenges of the global economy are just as complex, perhaps more so. Again, the issues vary greatly from one country to another. In many industrialized countries, for example, trade unions have been weakened by the extension of enterprise-level bargaining, which has made it more difficult for them to sustain national solidarity, and they have suffered from the expansion of the service sector where they find it more difficult to organize. In transition economies trade unions are struggling to carve out a new role; previously they served largely as agents of government, and they have ceded these functions without readily finding new ones. And in developing countries, where the formal sector is typically small, trade unions may have political influence that exceeds their membership base. Moreover, around the globe a surprising number of countries still impose crippling legislative restrictions on trade union organizing and on collective bargaining. Throughout the world, trade unions are having to come to terms with the effects of globalization and international competition. Thus, trade unions are increasingly entering into bargains that cover not just wages and protection but also competitiveness and productivity. They have to reinforce the necessary knowledge and analytical skills for this purpose. In addition, workers' organizations need to develop a capacity for macroeconomic analysis so they can more effectively defend their members' interests. Since many corporate decisions are being taken at a global level, unions are also networking across sectors and over national borders.

New trade union activities and services

Trade unions will need to continue to diversify their activities, both internally and externally. Internally they are increasing their appeal to workers by offering a new range of services, such as legal and financial advice or help with upgrading skills. Externally they are strengthening their position by seeking new alliances throughout civil society — with environmental groups, for example, or women's associations, or community associations. In making common cause with such groups, many trade unions have been able to secure broad public support for important employment issues such as the plight of lower paid workers.

Strategies for governments

Position of ministries responsible for labour

Just as employers' and workers' organizations have to deal with a new world of work, so do governments. Traditionally the ILO's government partner has been the ministry of labour. Here too, however, the situation has become more complex. Over the years, the position of ministries responsible for labour has been changing. Many ministries of labour now have relatively narrow areas of responsibility and, when it comes to broader issues of economic and social policy, their voices are often not heard. Indeed, many countries no longer have a ministry of labour at all; employment and labour affairs are handled through a unit that might address such related issues as competitiveness, enterprise development or gender. Government policy also has an impact on workers and employers through many other ministries, particularly those of finance, industry or planning.

Encouraging more coherent and integrated labour policies

In these circumstances, the ILO has to be involved with several government partners to encourage a more coherent and integrated set of labour policies. In the case of labour authorities, the ILO has to help them use their limited resources to best effect, whether for encouraging social dialogue, for resolving labour disputes, or for exploring new ways of organizing labour inspection.

ILO advisory role

The State is also a large employer and itself engages in social dialogue and industrial relations, by consulting and bargaining with organizations that represent its own employees. Periods of structural adjustment and transition have raised many difficult issues that are best addressed by negotiation and consultation. The ILO can support these efforts through balanced advisory services to administrations and public sector trade unions, helping them with bargaining techniques, dispute prevention and resolution, and participatory restructuring. Similarly, the ILO can continue to track privatization efforts, discovering best practices that involve effective social dialogue.

ILO support for balanced social dialogue

Fostering social dialogue

How can the ILO assist all the social partners, employers' and workers' organizations and governments to meet the challenges of the new world of work? Its opportunities fall into four main areas: first, serving as an effective advocate of social dialogue; second, strengthening the social partners; third, forging alliances with groups in civil society; and fourth, showcasing examples of successful social dialogue and sound industrial relations practices.

Advocating social dialogue. The ILO should continue to stress the value of tripartite consultation and collective bargaining, helping employers and workers alike appreciate how a positive labour-relations environment promotes change, innovation and competitiveness. Many policies — such as training, social insurance, dependent-care services and tax policy — can only be effectively addressed at a level above the enterprise and will benefit greatly from tripartite consultation. Developments in the labour market, including corporate restructuring, create new spaces for social dialogue and industrial relations.

InFocus programme on reinforcing the social partners

Strengthening the social partners. Strong social dialogue needs strong social partners. It is of paramount importance to strengthen the capacity of the social partners, supporting them as they reach out to new members and allies, and fostering dynamic forms of social dialogue. There will be an InFocus programme to strengthen employers' organizations, workers' organizations and the government authorities that deal with labour (box 2.10). The programme will also have a strong gender dimension.

Links with civil society

Forging links with civil society. Engagement with civil society does not mean changing the ILO's structure or moving away from the ILO's natural constituents. It is simply a matter of recognizing the power of civil society as a base for alliances in meeting shared goals. Reaching out to such constituencies can also increase responsiveness to gender concerns. In a world of mushrooming non-governmental organizations, this can only strengthen the social partners and the position of the ILO. One important type of outreach can be achieved through women's groups, which can help the social partners identify and support their own new leadership among women.

Highlighting use of social dialogue for traditional and new purposes

Showcasing successful social dialogue. The ILO should highlight the successful use of social dialogue for both traditional and new purposes (box 2.11). Collective bargaining, for example, is moving away from a concentration on wages and performing many other functions — negotiating changes in work organization, for example, and even taking on more sensitive issues like workforce reductions. Evidence from around the world suggests that the presence of unions may in fact facilitate the introduction of newer techniques of human resource management. But social dialogue has been valuable for many other purposes. One of the classic uses is to achieve

Box 2.10
InFocus — Strengthening the social partners

For tripartism and social dialogue to be utilized more effectively at all levels, the social partners need reinforcing. To address this, an InFocus programme will work along three lines:

— *Strengthening representation*. This will help workers' and employers' organizations to reach out to new constituencies, especially women and youth, utilizing the potential of communications technology. It will highlight successful organizing techniques for trade unions and, for employers, the development of relationships with agents of job creation — small and medium-sized enterprises, and large companies.

— *Strengthening capacity and services*. The aim is to improve the quality and depth of the services offered to members. This will include helping the organizations to develop sound internal administration and foster skilled and change-oriented leadership which can introduce innovative services and form new alliances. There will be a strong gender component. The programme will also strengthen the social partners' capacity to engage effectively in debates on social and economic policy at both the national and supranational level.

— *Strengthening joint institutions of governance*. The programme will identify key contact points within government that deal with labour and related issues, and will create and nurture networks among administrative units while linking them to employers' and workers' organizations. The programme will also seek to forge stronger links between policy-makers and representatives of workers and employers at regional and international levels. It will also stress the importance of building strong bipartite and tripartite institutions. For this purpose it will highlight success stories in dispute prevention and resolution, and innovative examples of bargaining at the enterprise and sectoral level. It should also publicize economic and social councils or pacts that have directly contributed to social peace and economic growth. The programme will seek to outline the key policy parameters in which such governance initiatives have been used to strengthen the social partners.

consensus on legislative change. Vocational training is another natural area for partnerships, involving enterprises, public and private training providers and trade unions. Social dialogue is also proving very useful in employment creation at both the national and the regional level. ILO research on the employment policies of Austria, Denmark, Ireland and the Netherlands has revealed that the successful employment and labour market policies of these

Box 2.11
Highlighting successful social dialogue

El Salvador. Social dialogue has been an important contributor to the peace progress/process.

Indonesia. Since June 1998, broad tripartite consultations have worked toward reshaping the country's labour laws in line with ILO standards.

Ireland. "Tripartite plus" pacts have contributed to developing a cooperative labour relations climate, a healthy economic growth and low unemployment.

Italy. Social dialogue has been an important tool for employment-generation initiatives in a region in northern Italy. Each of the social partners has a role in attracting investment to the area to create decent jobs in enterprises using state-of-the-art technology.

Republic of Korea. Tripartite consultations have helped to cushion some of the shocks of the economic crisis.

South Africa. The National Economic Development Labour Council, with its "tripartite plus" structure, has helped build consensus around changes in policy and law on a wide range of issues.

United States. In New York City, an arrangement involving manufacturers, trade unions and local government aims at improving working conditions for garment workers while promoting investment and upgrading for small manufacturing units.

West Africa. With support from an ILO technical cooperation project funded by Belgium, the five countries that make up the Entente (Benin, Burkina Faso, Côte d'Ivoire, Niger and Togo) have reawakened social dialogue as a means of attacking economic as well as social problems.

countries have been embedded in institutional arrangements that promote social dialogue. The ILO should monitor these developments closely and build up an extensive database of examples that is available to social partners everywhere.

The regional dimensions of social dialogue

Regional integration and social dialogue

The ILO is itself a forum for social dialogue at the international level. Within regional economic integration and trade agreements, there has also been a trend to reflect labour and social concerns in varying ways.

The European Union has gone furthest down this road, giving social partners opportunities to negotiate at the European level solutions that can automatically be transformed into Community directives — as with parental leave, for example, and part-time work.

Economies in Africa, the Americas and Asia are not as deeply linked, but labour issues play a role in regional integration. For example, the Southern African Development Cooperation has a standing body on labour affairs that has negotiated a code of conduct on AIDS and the workplace. The Asia-Pacific Economic Cooperation, which pursues a consensual, non-binding approach, has a Human Resources Development Working Group. In Latin America an agreement on labour and social aspects of regional integration (box 2.12) has recently been reached within MERCOSUR.

The ILO can make an important contribution to all these developments. Its long experience in this area makes it a natural source of information, advice and technical cooperation.

Box 2.12
Labour issues in MERCOSUR

The social partners have ensured that social and labour issues are an integral part of the MERCOSUR economic integration pact. The members are Argentina, Brazil, Paraguay and Uruguay; the associate members are Bolivia and Chile.

The MERCOSUR Declaration on Social and Labour Affairs signed in December 1998 commits member States to promote social dialogue at the national and regional level by instituting effective, standing mechanisms for consultation with representatives of employers and workers in order to promote sustainable economic growth and social justice in the subregion. A tripartite Social and Labour Affairs Commission has been set up to review information on the application of the Declaration and report to the Common Market Group.

The accord reaffirms basic labour rights and principles applicable throughout the economic integration zone and makes pledges on employment promotion, protection for the unemployed, training, labour market information, occupational health and safety, labour inspection, social security and the non-use of the MERCOSUR Declaration for other purposes.

When MERCOSUR was starting up in the early 1990s, an ILO technical cooperation project sponsored by Spain (RELASUR) responded to the social partners' requests for strengthening social dialogue at the national and regional levels. More recently, the ILO has participated in MERCOSUR Subgroup 10, the tripartite technical working group on labour, employment and social security issues. Alongside these developments there are efforts to provide information and consultation across borders, and in some cases to carry out cross-national collective labour negotiations.

3. The regional perspectives

The preceding chapter placed ILO programmes in their technical perspective. It is now necessary to view them in the context of regional needs. The two perspectives — the technical and the regional — must be better integrated in future if the ILO is to be effective and retain its universal relevance.

Structural problems of growth and development

This chapter addresses the regional dimensions of the ILO's work, and in particular the future direction of its technical cooperation. The fundamental challenge for the ILO in the years to come is to optimize the impact of globalization on the world of work by assisting its constituents to take advantage of its opportunities and to mitigate its adverse effects. But many crucial social policy issues are often not the result of globalization alone. They are embedded in structural problems of growth and development, and policies to cope with the recurring crises of adjustment in today's highly interdependent economies must take these realities into account.

Regional diversities

If globalization creates a number of common themes and challenges, its impact differs across regions becaue of the diversity of historical, cultural, economic and social contexts. The ILO must address these contexts — and learn from them. There is no unique model or best practice, only comparative experience and good practice. In both the design and delivery of its services, the ILO must demonstrate flexibility and sensitivity to regional and national diversities.

Future role of technical cooperation in the ILO

Technical cooperation will play a pivotal role in this agenda. Future technical cooperation in the ILO will be firmly based on the Organization's strategic objectives and priorities, and respond to national needs. Well-focused ILO programmes, based on sound analysis and technical competence, should be able to mobilize funds from many sources. They should be supported through global partnerships built on alliances with the wider international community.

Responding to regional realities

Regionalization

Though globalization implies a world reorganizing on a global plane, in practice much integration has been regional. Indeed, though globalization has given it fresh momentum, regionalization has occurred over a longer period. This has taken many forms. In East and South-East Asia, for example, firms have been joining up in regional production networks, while throughout the world many nation States have come together to cooperate on trade and other issues. Whatever the process, the result has been increasing intraregional flows, not just of goods and capital but also of people as migrant workers moving to neighbouring countries in search of better jobs.

Social impact of regional integration

Regional integration can be seen as an attempt to ease and manage such flows in the interest of more competitive economies. But integration also has a major impact on labour markets — affecting employment, wages, working conditions, and industrial relations. As a result, the fortunes of millions of people are being determined not just by the policies of their own governments, or by the effects of global markets, but by the choices of people in neighbouring countries. And national success in development is increasingly influenced by the strength and density of regional linkages — whether business, political or cultural.

Emergence of new institutions at different levels

To deal with the issues raised by regionalization — including adjustment, coordination, regulation and security — governments are creating many new organizations. These are most visible in regions such as the European Union. But all over the world new institutions are emerging above and below national political jurisdictions. In Central America and the Caribbean, for example, subregional entities are taking on functions formerly performed by nation States. The growth triangles of Asia as well as the microregions of Europe are other examples of new institutional infrastructures and policy platforms.

Need to strengthen ILO regional capabilities

The ILO has yet to adjust to this new reality. In recent years the Organization has tended to polarize between the global level, where it sets priorities, policies and norms, and the country level, where it actually delivers services. The regional dimension — in substantive rather than in organizational terms — has generally remained weak, although it is often at this level that the social dimension of globalization is collectively addressed. The ILO needs to strengthen its ability to monitor regional trends, formulate policies and respond rapidly to regional challenges of adjustment and development.

Strengthening links with regional institutions

The ILO must also strengthen links with regional institutions — including development banks, United Nations regional commissions, organizations such as the European Union, and other regional and subregional forums. The Plan of Action to promote the Declaration of Viña del Mar agreed upon at the XIth Inter-American Conference of Ministers of Labour last October is a clear example of how resolutions taken at the regional level have important implications for ILO activities and provide useful guidelines.

Grounding the strategic goals and operational priorities in the regions

The strategic goals and operational priorities described in Chapter 2 will therefore be grounded in the regions. Indeed, they have been identified following consultations with ILO constituents in each region. Some of their major concerns are outlined below. They relate mainly to problems of development and adjustment in developing and transition economies. Before turning to them, it is important to emphasize two points.

Box 3.1
The global demand for gender justice

In the preparation for the Fourth World Conference on Women, regional meetings adopted action statements. Here are a few highlights.

African Platform for Action (Dakar, 1994)

Guaranteeing the right of all women to buy, sell, own, inherit and administer property, and the absolute right to work.

Reforming the judicial system so as to make it more responsive to gender issues, and establishing and/or strengthening institutions to support and assist women in the exercise of their rights.

Arab Plan of Action for the Advancement of Women to the Year 2005 (Amman, 1994)

Legislation should be introduced and applied to guarantee equality for women in job opportunities, recruitment, employment, pay, promotion and skills development. Emphasis should be placed on the necessity of insurance and social security coverage for women. Legal instruments should be enacted to guarantee the right of women to legal recourse in cases of sexual or social discrimination against them. Follow-up measures should be taken on the required tools for monitoring and applying legislation in the private sector.

Laws and by-laws should be issued in order to guarantee formal career development based on flexible work conditions so as to allow men as well as women, each according to his/her personal and family circumstances, to put into practice flexible patterns of work. These include, for example, part-time work that guarantees, especially for women, the right to return to their jobs after interruptions because of family duties.

Laws should be enacted that grant women paid leave to carry out their responsibilities. Related costs should be borne only by the employer.

Jakarta Declaration for the Advancement of Women in Asia and the Pacific (1994)

A proposal should be initiated for an ILO Convention on the protection of the rights of home-based workers.

A wide range of means should be used to promote awareness of women's human rights and of the importance of their full and equal participation in government, administration, the law, trade unions and employer groups and community groups.

Governments should introduce policies, practices and legislation where required to eliminate sexual harassment in the workplace and provide effective enforcement mechanisms that treat it as an offence.

Regional Platform for Action — Women in a Changing World — Call for Action from an ECE Perspective (Vienna, 1994)

Legislation and regulations related to labour rights and protection may need to be examined and amended — including wages, working hours, social benefits and other terms and conditions — to ensure that they apply as appropriate to part-time and other non-standard workers, and also to ensure that women and men have access to the same kind of benefits, especially women working in the informal sector and in rural areas.

Regional Programme of Action for the Women of Latin America and the Caribbean, 1995-2001 (Mar del Plata, Argentina, 1994)

Promoting legislation that guarantees equal employment opportunities for women and men and includes measures against gender discrimination.

Promoting the promulgation of affirmative action laws to expedite the process of achieving equality between women and men.

Promoting the consideration of housework as an economic contribution in the relevant legislation.

Establishing and strengthening mechanisms for ensuring compliance with international conventions and all programme areas of regional and national plans of action, in order to close the gap between *de jure* and *de facto* equality to help ensure that women, particularly those in situations of greater vulnerability, participate fully in all areas of society.

Gender will be a cross-cutting issue in all regions

First, in all regions gender will be a cross-cutting issue. The ILO must fulfil its mandate to mainstream a gender perspective. In every part of the world there is an unmet demand for gender justice, to create an enabling environment for all women and men workers. The Fourth World Conference on Women (Beijing, 1995), for example, was based on extensive regional consultations (box 3.1).

ILO relevance to industrialized countries

Second, the ILO's regional work has to be relevant to all its members, including those in the industrialized world. Adjusting to globalization is also a challenge for industrialized economies. These have become steadily more service-based and knowledge-oriented in recent years, and their labour markets much more diverse, with a rise in part-time or casual employment that has opened up more opportunities especially for women outside the home. Not all the changes have been positive, however. A number of countries still have high levels of unemployment and this, together with less stable working patterns, is exacerbating problems of poverty, inequality and social exclusion, as well as putting severe strain on systems of social security.

ILO expertise

The ILO should be able to help through comparative labour market research and by acting as an international forum for policy discussion on these issues. One of the ILO's strengths is the breadth of its experience — covering industrialized, transitional and developing economies. In an era of global interdependency this experience should become even more valuable. In practical terms, the ILO's technical expertise in the field of social policy might assist the European Union and the OECD to facilitate the accession of countries in Central and Eastern Europe. ILO advice should help these countries make the necessary adjustments to their social policies and institutional structures.

Africa

The social, economic and political situation in Africa

The region continues to be afflicted by ethnic conflicts and civil wars, exacerbated by economic failures. Two decades of structural adjustment have produced no significant break in a familiar vicious circle. Poverty and inequality generate social conflict and violence; these lead to political instability and uncertainty; these in turn lead to low investment and slow growth, which deepens poverty. The economic situation in the region as a whole remains fragile. Private investment, as a share of GDP, is still below the levels of the 1970s. And the social situation remains critical: two-thirds of the population live in absolute poverty. However, in recent years several countries have made significant progress towards greater social participation, public accountability of the State, and sustainable economic policies.

The importance of increasing employment and incomes

ILO constituents in Africa emphasize the importance of increasing employment and incomes. The pilot project on "Entrepreneurship and Small Business Development within African Trade Unions", designed by the Organization of African Trade Union Unity, is a small but remarkable example of potential employment creation. This requires a multifaceted approach — promoting skill formation, small enterprises, and productivity increases while fostering economic and social security, combating child labour, and responding to acute social and political crises. All these measures are relevant, and the InFocus programmes described in Chapter 2 are ideal envelopes for action. They will be assembled into comprehensive packages capable of attracting interest from international donors.

"Jobs for Africa" programme

In fact, the Office has already been moving in this direction with the "Jobs for Africa" programme, whose full implementation would be an important step towards responding to the region's needs (see box 3.2). This programme addresses many important regional concerns. Its "Employment for Peace" component, for instance, is designed to help post-conflict countries meet the challenge of reintegrating people affected by war, and its emphasis on employment policy responds to the need to include employment concerns in economic reforms.

Box 3.2
The ILO's "Jobs for Africa" programme

In March 1995, the World Summit for Social Development at Copenhagen called for the promotion of employment-intensive growth. In support of the Copenhagen Declaration, the ILO is implementing the programme on employment generation and poverty reduction in Africa, "Jobs for Africa". This is also the ILO's contribution to the United Nations Special Initiative for Africa.

The programme emphasizes the importance of investment-led strategies, and promotes the necessary shifts in public investment programmes and national budget priorities that can generate employment and reduce poverty. It also calls for the establishment or strengthening of national advocacy teams to promote the adoption and implementation of employment-intensive growth strategies. The programme has started in ten target countries in sub-Saharan Africa, and will be extended to more countries as additional resources are obtained.

The call for policy shifts will be supported in each country by eight action programmes. These focus on: employment-intensive infrastructure; small and medium-sized enterprise development; training systems and policies; labour market information and poverty monitoring; cooperative employment; employment for peace; the gender dimension; and micro-finance. The UNDP has already provided initial funding of $3.5 million to launch the first phase, and the ILO is making a substantial in-kind contribution. In order to implement the programme as a whole, additional funds will be raised in cooperation with other organizations and with donor countries.

Need for appropriate policy advice

Indeed, ILO constituents in Africa consider that an important reason for poor economic performance has been the lack of appropriate policy advice. Many followed the recommendations of the Bretton Woods institutions, sometimes reluctantly, and adopted a wide range of reforms. They liberalized, deregulated, privatized and reduced the role of the State. But while they accept the need for reforms, many constituents now want advice on reform programmes that are both market oriented and socially sensitive, and take better account of the specific context of African economies.

Problems of the informal economy

In Africa particular attention should be given to the problems raised by the informal economy, which accounts for about 60 per cent of the urban labour force in the region. Though it provides vital employment, the informal economy raises major concerns for ILO constituents. Trade unions worry that informal labour practices will both undermine labour legislation and reduce levels of formal employment. Employers worry about "unfair" competition from informal producers. Governments wish to preserve the growth benefits of the informal economy while providing adequate protection for its workers, e.g. conditions of work, occupational safety and health and social security. These are all issues that the ILO will examine under its InFocus programmes, but specifically tailoring them to labour markets in Africa.

The need for political stability, good governance and democracy

Sustained recovery and employment growth in Africa will also require political stability, good governance and democracy. The Organization of African Unity and other regional and international organizations have identified these as clear priorities. They look to the ILO to contribute to good governance and development by helping minimize labour and other social conflicts. This would involve such areas as labour administration, industrial relations, tripartite consultation, dispute resolution, labour legislation and labour standards. The InFocus programme on strengthening the social partners will be of particular value, helping them to participate more fully in democratic governance.

Support for regional and sub-regional integration

Another important issue is regional and subregional integration, which African constituents see as a decisive step towards both better governance and sustainable growth. The ILO will therefore consider regrouping its various activities aimed at supporting regional integration in order to achieve greater impact and visibility.

The Americas

The economic situation in Latin America and the Caribbean

During the 1990s countries in Latin America and the Caribbean appeared to be building economic momentum. Employment was expanding, more women were joining the labour market, and millions of people were leaving rural areas for the cities. Nevertheless unemployment remained high, particularly among women and youth, and most new jobs were of inferior quality, generally in tertiary activities. The informal economy has accounted for eight out of ten new jobs in Latin America over the past 17 years. Wages were low, inequality high, and poverty widespread. Even such gains as were made in the early 1990s have been threatened by the crisis in Mexico in 1995, and more recently in Brazil.

A new agenda on work and social protection

While countries of the region need to sustain international competitiveness, they also need to create more and better quality work and restore a higher degree of protection for workers. These problems require all constituents to work together on a new agenda that reduces labour instability, expands social protection, and pays more attention to human resource development as a source of growth and productivity.

Improving skills, fostering small enterprise, reducing unemployment

The ILO can make a substantial contribution. One priority is to help constituents raise levels of skill and employability through vocational training or certification schemes adapted to the requirements of technological change. Special attention should be paid to small enterprises which can make an important contribution to reducing youth unemployment, particularly those businesses in the informal economy that need to be drawn more rapidly into the process of modernization.

Safety, health and environment

Safety, too, is an important issue. The InFocus programme on SafeWork is especially relevant in countries that are industrializing rapidly, and where enterprises, particularly in the informal economy, may disregard safety, health or environmental concerns.

Reform of labour market institutions and social protection systems

The ILO should also help constituents in their efforts to reform labour market institutions and systems of social protection and social security with a view to ensuring a better fit with the new forms of work organization as well as the requirements of open economies. These are fields in which international financial institutions are already active, but reforms are more likely to be successful with the fuller participation from the social partners, the ILO and other international and regional organizations.

Closer collaboration with the new regional bodies

Regional and subregional integration is a major trend in the region, so the ILO should pursue closer collaboration with the new regional bodies. A regional perspective is already embedded in the work of the ILO in the Caribbean. For these countries, full integration in the international markets for goods and capital is a fact of life. Trends in globalization, trade liberalization and economic integration have major economic implications and exert strong influence on labour market outcomes. The overarching objective of the ILO should be to assist constituents to develop a better understanding of these challenges and devise appropriate policy responses by

paying greater attention to human resource development, productivity, quality standards, occupational safety and health, and cooperative industrial relations. These priorities have been identified by the ILO in consultation with the tripartite constituents and the Caribbean Community Secretariat (CARICOM). Implementation will involve close partnership with regional bodies such as CARICOM and the Caribbean Development Bank. Such an approach is in line with the efforts of Caribbean countries to develop regional work programmes and coordinating mechanisms, as shown by the Programme of Action for the Sustainable Development of Small Island Developing States discussed at the Caribbean Ministerial Meeting in Barbados in November 1997.

Social dialogue as an instrument of labour policy

Specific InFocus projects will also be needed to strengthen tripartism all over the region. Social dialogue should be seen as an instrument of labour policy. Within government a clear priority should be given to modernizing ministries of labour, helping them play a more important role as the regulators of labour policy and integrating them more closely with other government agencies, including ministries of finance. These objectives were well articulated in the XIth Inter-American Conference of Ministers of Labour mentioned earlier.

Employers' and workers' organizations

Employers' and workers' organizations need to modernize too. Transformations in the private sector have been reinforcing employers' organizations while at the same time placing greater demands on them for a more creative approach to shaping a modern employment environment. But they need to acquire expertise in new management practices that encourage participation and creativity in the workforce as a means of achieving higher productivity and accessing the global economy. They will also need to help the development of small enterprises.

Workers' organizations have been among the pillars of social and democratic development in the region. Nevertheless, they still face serious problems. In some countries trade unions are denied full rights and face persistent anti-union attitudes — hindering the prospects for sustainable peace, development and social justice. In many cases unions are excluded from discussions of economic and social policy. At the same time their status has been affected by changes in the labour market, and particularly by the steady process of informalization. Workers' organizations will therefore have to strengthen their support in less traditional areas, including agriculture, services and the informal economy. They also need to enhance their technical capacity to engage in fruitful social dialogue.

Arab States

Assessing immediate needs and strengthening the social partners

Much attention in the Arab region is focused on the ongoing peace process, with implications for the ILO. The Organization can only achieve greater influence in the region by carefully assessing immediate needs, and by strengthening the social partners so that they are in a better position to respond to the region's pressing problems. An important part of this process will be to achieve greater inter-country cooperation through regional and subregional activities.

Social, economic and political change

Countries of the region are going through a process of social, economic and political change. The poorest countries are experiencing higher levels of unemployment and underemployment as well as declining remittances from migrant labour. They need ILO technical assistance to fight poverty and promote employment, particularly among new graduates, youth and returning migrants. The InFocus programmes — for instance those on the

promotion of small enterprises and social protection, particularly for women — should be particularly valuable here. Faced with falling family incomes and a rising cost of living, many women have had to seek work in the informal economy, where they suffer from discrimination and lack of protection.

The situation in the Gulf countries

The Gulf countries face a different situation. Fluctuations in oil prices have encouraged countries to diversify their economies. They are also in the process of making better use of their own workforces, with the slowdown in the construction sector which drew in millions of immigrant workers. Better labour force utilization and economic diversification call for improved systems of labour market information and vocational training. It will also be important to strengthen the ministries of labour by providing officials with greater skills in labour administration and reinforcing institutional self-reliance.

Asia and the Pacific

The economic situation in Asia and the Pacific

Over the past few decades, a number of Asian countries have successfully created jobs and reduced poverty. But the recent crisis has reversed many of these gains, particularly in the countries of East and South-East Asia that were more exposed to the turbulence of global markets. Over 20 million workers are estimated to have lost their jobs in these countries and many more to have fallen into poverty. Other countries, particularly those in South Asia that have less open economies, have been less affected but are still plagued by high levels of unemployment, underemployment and poverty.

Generating productive employment and alleviating poverty

Asia accounts for almost two-thirds of the world's poor, and the ILO's main priority in the region is to generate productive employment and alleviate poverty. Asian constituents wish to see a renewed momentum for ILO technical cooperation in employment, particularly to assist the rural and urban poor. The InFocus programmes should help launch major new initiatives in this area, developing small enterprises, undertaking labour-intensive projects, and making effective use of the opportunities provided by informal activities. The InFocus programme on skills will respond to the need for human resource development.

Strengthening workers' protection

The Asian crisis has demonstrated the need for stronger institutions and policies for workers' protection. Sustainable and equitable development and adjustment depend not just on economic and industrial policy but also on social policy. Constituents expect the ILO to offer greater assistance in this area, in particular in building better labour market institutions. This would include general assistance with regulatory frameworks, such as drafting the basic laws that govern labour markets, as well as specific assistance on technical components of the social architecture — from labour administration and occupational safety and health to assessments of the costs and benefits of schemes for social security and unemployment insurance. Many countries are now paying closer attention to social security in general, recognizing that labour markets function better when assisted by appropriate institutions, such as "agencies for re-employment" or various innovative arrangements between labour and management.

Institutions for social cohesion

Since the Asian crisis, many countries have also stressed the importance of institutions that can help maintain social cohesion. As a result, there has been a marked increase in tripartite dialogue in several of them to resolve employment and industrial relations problems. There have been failures along the way, but the habit of consultation seems to be growing.

Employers' organizations

This process will be reinforced by the InFocus programme "Strengthening the social partners". This could, for example, help employers' organizations service their members with information on new approaches in a variety of management issues — for example, on employee relations, work organization, or compensation systems. The programme could also increase their expertise on broader issues; recent tripartite dialogues in Asian countries have, for instance, required them to consider aspects of international finance.

Workers' organizations

Workers' organizations, too, must be strengthened. In some cases they have yet to achieve the most basic rights such as freedom of association, and in many countries they are facing a relative decline in membership. The ILO should continue to offer training to improve procedural skills in representation, negotiation and the settlement of disputes. Equally important, it should continue to diffuse knowledge on the role of employee representation, particularly in organizations and countries adjusting to the principles of market economies. Trade unions also need ILO help to enable them to cover a broader social and economic agenda.

Providing protection for vulnerable groups

Finally, special attention should be paid to providing protection for vulnerable groups. Working with the ILO, several countries in the region have already made important progress on child labour, for example, bringing the issue to public attention while trying to provide children with alternatives to work. This activity has served to raise the profile of the ILO, demonstrating its values and its effectiveness in addressing a complex and difficult problem. The InFocus programme on child labour should sustain and strengthen this work.

Europe and Central Asia

Economic and political transition in Central and Eastern Europe and Central Asia

In Central and Eastern Europe and in Central Asia, the transition from centrally planned to market economies, and from totalitarian regimes to more democratic political systems, has been a difficult one. It has been realized more successfully in some places than others.

Helping countries to work towards EU entry standards

A number of countries, while they have suffered severely from the social effects of transition, have succeeded in making significant economic progress. Some will be joining the European Union (EU) and the OECD. Accession to the EU will require preparation in a number of areas related to employment and labour and the ILO should be able to help them work towards EU entry standards. Countries will, for example, have to develop appropriate labour market structures, prepare for participation in coordinated EU employment policies, and align their legislation on labour and on occupational safety and health. They will also need to develop more active social dialogue, improve their systems of social protection and better enforce provisions for equal opportunities. As mentioned earlier, this will be a major area of future ILO collaboration with both the European Union and the OECD.

Assisting economic recovery and social stability

Another group of countries has been less successful. Their economic reforms have been sluggish or ineffective, and some of them have fallen into political and ethnic conflict, anarchy and war. ILO constituents in these countries accord high priority to economic recovery and social stability. To assist these countries the ILO will need to increase its capacity to respond rapidly to unanticipated crises, and to use a range of InFocus programmes to help them achieve long-term economic and social stability. Constituents rely on the ILO and other international and regional organizations to help them elaborate a "social prognosis" as a basis for policy recommendations and assistance programmes.

"New" poverty

One of the most disturbing issues in this region is "new" poverty. Previously there was little overt poverty. Now, following the process of transition, there is widespread and open poverty and inequality. Wages are very low and often unpaid. Pensions are inadequate and many of the new poor are to be found among the elderly. People of the Commonwealth of Independent States (CIS) countries have been hit particularly hard, especially following the recent financial crisis in the Russian Federation.

InFocus programme on promoting economic and social security

Growing poverty has put greater pressure on systems of social security. Here the ILO's InFocus programme on economic and social security in the twenty-first century should provide policy guidelines and practical advice. Constituents look to the ILO as a source of information on good practices and as a guide to the institutional arrangements that have been effective elsewhere in the world. The ILO's experience in social protection provides a benchmark of what is socially acceptable, feasible and sustainable.

Strengthening the social partners

It is clear, however, that the ILO would be more useful to the region if the social partners were stronger. The region's industrial relations scene is complex and in many respects unsatisfactory. Tripartite consultations have had mixed success and progress in collective bargaining has been slow. Some countries have done better than others, but most have a range of problems, from weaknesses in the legislative framework to poorly organized and fragmented workers' and employers' organizations. Of the social partners, trade unions are the better organized, though some are seen as bearing strong imprints of the past. Employers' organizations are fairly new and very heterogeneous. They need help to cope with a very diverse membership, from state-owned or privatized large enterprises to myriad small and medium-sized initiatives.

A new approach to technical cooperation

Evolution of ILO technical cooperation

Technical cooperation, financed from either regular or extra-budgetary sources, takes its most concrete shape in ILO-executed development projects. Increasingly, however, it encompasses a variety of other activities. These include advisory services, activities with national partners to build up their capabilities and promote dialogue, and a range of studies, reports and evaluations. The approach varies according to circumstances. On some occasions it involves a joint learning process, as both advisers and national partners work together to solve a particular problem. On other occasions it is a process of gathering and sharing information and experience. The Office has long experience in this domain. Historically, four phases in the evolution of ILO technical cooperation may be distinguished.

1919-48 — focus on standard setting, industrial relations and social security

- In the 1919-48 period, the focus was on standard setting. The assumption was that all Members of the ILO had problems similar to those of the industrial economies; the main emphasis was therefore on social security and industrial relations.

1948-68 — greater operational emphasis

- The 1948-68 period witnessed an important shift towards operational activities. By the beginning of the 1960s technical cooperation accounted for 45 per cent of the total ILO budget. It is here that many of the present departments of the ILO find their origins.

1969-89 — peak of technical cooperation

- Following the establishment of the World Employment Programme, technical cooperation peaked in the period 1969 to 1989, having been

extended to such areas as training, poverty alleviation, employment creation, the informal economy, and women in development. These technical cooperation activities were grounded in new forms of economic and social research at headquarters and in regional teams built around specific issues, notably employment, training and labour administration.

- In recent years, the ILO has shifted the emphasis away from projects towards upstream policy advice and institution-building. As a result, with some exceptions such as the child labour programme, the Office has been executing fewer large-scale projects and has been extending its technical advisory services, particularly through locally based multidisciplinary teams (MDTs). Over the same period there has also been less external funding; following a severe decline in the volume of aid and changes in the policies of UNDP, extra-budgetary resources available to the ILO have fallen considerably.

1989-99 — shift away from projects towards policy advice and institution-building

Drastic changes in international technical cooperation

The decline in external funding reflects the drastic changes that have taken place in the international technical cooperation scene in the last decade. Financial aid from rich to poor countries has fallen to its lowest level for decades, precisely at a time when the capabilities and opportunities to utilize external aid effectively have improved in many countries. The forms of technical cooperation have also changed. The traditional approach where large-scale projects were executed by international experts is obsolete. Many countries have developed a capability to deal with their own economic and social problems, and are looking for policy advice and evidence that such advice can work. They also need to cope with social crises engendered by sudden economic change. And there remain structural problems of poverty and underemployment that predate the current wave of globalization and require coordinated interventions from the international community as a whole. It is against this background that ILO technical cooperation should be set.

A renewed commitment to technical cooperation

The ILO will renew its commitment to technical cooperation to respond to the growing demand of its constituents. The ILO also has the obligation, in response to requests from its Members, to mobilize external resources and support to attain the objectives of the Declaration.

Effective technical cooperation based on global partnerships

Similarly, the ILO must respond to the changing perceptions of the donor community. Effective technical cooperation in the ILO will have to be based on global partnerships with recipient countries and the international community in order to create an enabling social and institutional environment for balanced growth. There is a growing perception that the decline in assistance can be reversed if new and convincing programmes are put in place.

A new course for ILO technical cooperation

The International Labour Conference will discuss the ILO's strategy for Technical Cooperation. This will provide the occasion to chart a new course. What follows is an attempt to highlight key issues and indicate the elements of a new approach.

The new framework

The four strategic objectives and technical cooperation

The four ILO strategic objectives highlighted in Chapter 2 of this Report provide a reference point, an orientation, and a rationale for technical cooperation. Not every technical cooperation project will contribute to all of the objectives. But all should be consistent with the broader approach defined by these objectives.

Fundamental principles and rights at work. Here the Declaration provides the first reference point. While much of the ILO's work related to this objective will involve offering policy advice, exchanging information and providing institutional support, there is also scope for large-scale technical cooperation programmes. These would include the programme on child labour, but there may well be opportunities for activities in support of other principles of the Declaration, such as programmes against discrimination.

Employment and incomes. Each of the three InFocus programmes in this area — on human resources, on small enterprises and on employment-intensive investment — offers scope for technical cooperation aimed at supporting effective employment strategies. To achieve significant results will require a critical mass of resources, but the potential is considerable, and is even greater when action can be made mutually reinforcing across different domains — as in the "Jobs for Africa" programme. In each of the activities under this heading, the promotion of women's employment and income will be particularly important, incorporating relevant aspects of the programme on More and Better Jobs for Women.

Social protection. This offers a number of important opportunities for technical cooperation. The InFocus programme on SafeWork, for example, will address the safety issues arising from changing industrial structures. And the programme on economic and social security could help countries find ways of extending social protection and income security to men and women working in informal and unregulated environments, as well as helping to define policy orientations and establish strong structures of governance.

Social dialogue. There is a specific InFocus programme aimed at building institutional frameworks and the capacity to engage effectively in dialogue. It will also necessarily be linked closely with all other InFocus programmes that are important subjects of dialogue. As far as technical cooperation is concerned, social dialogue is an instrument as well as an end.

Technical cooperation that reflects regional concerns

In each of these areas, technical cooperation may take the form of advisory services, research and development carried out jointly with national experts, evaluations, or the design and execution of technical cooperation projects. Some of it is aimed at governments, some at employers, some at trade union organizations. All of it is aimed directly or indirectly at working people.

While the above objectives set a general framework for technical cooperation, the actual form will depend on the local context, and the ILO will formulate and implement technical cooperation activities that reflect regional concerns and use local expertise. Indeed, the ILO should aim to accumulate a critical mass of national and international expertise and resources in order to respond effectively to such concerns.

Focus and impact

Refocusing technical cooperation

The ILO has a reputation for the quality of its technical services. Yet compared with other specialized agencies it has a relatively low-volume technical cooperation programme that is fragmented into several small projects. The Office has recently attempted to focus its efforts on fewer and more clearly defined areas around which it could mobilize a critical mass of funds and knowledge so as to achieve greater impact.

Defining the areas of focus

Those areas should respond to the ILO's four strategic objectives and its core competencies, and should be arrived at through tripartite consensus.

These areas should also correspond to the specific needs and concerns of recipient and donor countries. The InFocus programmes suggested earlier offer one set of possibilities. The list is not definitive, and in any case must evolve as needs change, but it does provide an initial framework.

Developing a rapid response capacity

As well as achieving greater focus and impact with long-term programmes of technical cooperation, the ILO should develop its capacity for rapid response to crises. Whether these are the result of political change, social conflict, economic shock or natural calamity, the Organization should be able to use emergency funds provided by donors to offer technical and other support at times of urgent need. The policy implications of a rapid response capacity are further developed in Chapter 4 of the Report.

Delivering quality

Developing the Active Partnership Policy

The ILO needs to maintain close contact with its tripartite national constituents to ensure that their concerns not only shape technical services in their countries, but also influence the priorities of the Organization as a whole. To help meet these needs, the ILO in 1993 introduced the Active Partnership Policy (APP), which has set the foundation for future progress. If it is to fulfil its potential, however, the APP needs to be reoriented and placed in a wider organizational and policy framework. The ILO's Governing Body has already carried out an assessment of the APP as a means of delivery of ILO services, which in the next biennium will be the basis for an overall review of the policy.

Under the APP the ILO's technical services have been driven primarily by national demands, as defined by the tripartite constituents and embodied in country objectives. But while country objectives have served as a basis for national dialogue, the way they have been used to allocate ILO resources could be improved. National programmes have been influenced as much by short-term, often rapidly changing, political priorities, as by the availability of ILO technical skills.

Coordination and concentration of priorities

Nor have the expressed national priorities exerted sufficient influence at the international level. Without the necessary supporting structures, their impact on programme priorities in Geneva has been uneven. The demands of individual countries have been fragmented and diverse, so there has been little opportunity to achieve efficiency through coordination and concentration.

Technical support must always be demand driven — responding to local situations and needs. Nevertheless the Organization inevitably has to adjust demand to supply. Services can only be delivered efficiently on the basis of agreed priorities that help concentrate scarce resources into a critical mass. This means that when countries consider their demands they should set them within the overall strategic objectives established by constituents in the ILO's governing organs. It also means that the Office has to help its constituents at the operational level to do this.

Potential areas for improvement

A number of potential areas for improvement have already emerged. These would primarily involve redefining the role and responsibilities of field structures, so as to avoid the overlapping of responsibilities and the grey areas that occur in practice. At present there is a roughly threefold division of responsibility. Administrative and political roles at the national level are performed by the area offices. National demands for technical support are met by the multidisciplinary teams (MDTs). And overall policy direction and coherence is provided by the regional offices. This interface between relations, technical functions and policy direction needs to be improved.

The Multidisciplinary Teams

Some of the problems lie with the MDTs. These link ILO action in different technical domains, on the assumption that it is easier to respond coherently at the country level if a single team covers the whole range of ILO concerns. Nevertheless, the MDTs appear to suffer from several problems:

- *Critical mass.* In many cases the teams are too small to make a difference, especially in broad subject areas.
- *Composition.* The membership of the teams often does not correspond to local priorities. Teams need to be regularly reviewed, adjusted to current needs, and complemented by specialist consultants.
- *Lack of linkage with headquarters.* The MDTs are not sufficiently integrated with technical programme development. The problem has to be addressed through more effective support systems for technical cooperation as a whole.

Effective support systems

A coherent framework of programming, evaluation and policy formulation

Technical cooperation needs to be supported by a coherent framework of programming, evaluation and policy formulation. This would ensure greater consistency, particularly between activities financed internally and those funded from extra-budgetary resources. Activities with internal funding tend to be more flexible and versatile and can be better used by the ILO to respond to core concerns. Externally funded activities, on the other hand, have more specific targets and work on entirely different implementation cycles. Within these constraints, the Organization will seek a greater level of coherence in both policy and programming.

Enhanced managerial control

Management is an important concern. Technical cooperation programmes would benefit from firmer managerial control and more flexible procedures, as well as from greater transparency and accountability. This should include better systems of monitoring and evaluation. Regular assessment would foster a process of continuous improvement, thus strengthening the ILO in its core competencies and in its capacity to compete for resources.

Greater HQ support

Technical cooperation would be further improved by greater headquarters support. Apart from offering specialist technical services, headquarters should provide clear policy guidelines through, for example, position papers that spell out the broad lines of an ILO approach in various fields. These could then be tailored to suit specific situations or to provide the basis for ILO positions in negotiation or coordinated action with other international agencies. Similarly it would be useful to have clear operational frameworks for the development of country-level activities.

Greater cooperation and coordination between HQ and field

At the same time, ILO headquarters and the field structure should have a closer relationship and integrate their activities more effectively, for example, in preparing new global programmes. Apart from leading to greater efficiency, this would also promotes global learning — sharing new concepts and the lessons of innovative projects.

Improving the capacity to produce relevant research

One of the most important elements of support is relevant research, as a source of both policy guidelines and innovation. There are a number of new possibilities: headquarters could, for example, more systematically gather and disseminate comparative information on good practices. Nevertheless, there are also many problems that have no simple solution. Headquarters in theory is best equipped for research; it prepares papers for the Governing Body and is in a better position to develop a global perspective. Yet it is sometimes criticized for being remote from local

realities, and its capacity has been weakened by the APP, which has shifted considerable technical capacity to the field. Yet the specialists now in the field find it difficult to carry out basic research given the pressing day-to-day demands of constituents.

Maximizing the potential of communications technology

This rigid division between headquarters and field research can be broken down by the better use of technology. From time to time staff have to meet personally, but the latest developments in communications technology make it easier for them to cooperate at a distance. Global task forces and working groups can meet in cyberspace to share ideas and carry out common activities. In principle, this should make it possible for all ILO research to be based more firmly on empirical country experience. However, it still requires staff to devote sufficient time to such joint activity, and the Organization needs to programme its resources accordingly.

Mobilizing resources

Extra-budgetary resources

ILO technical cooperation must be based on clearly focused programmes that work to targeted objectives. But if it is to have a greater impact, technical cooperation also needs to be expanded, and that will require a serious effort to mobilize extra-budgetary resources. For this purpose, the ILO needs to forge stronger ties with multilateral and bilateral donors as well as with regional organizations and development banks. In addition it needs to explore a wide range of other potential partners: private and public; local, national, regional and international. Some of this work can be carried out by the Office: organizing international donor conferences, for example, or capitalizing on technical workshops in donor countries for fund-raising purposes. But the whole of the ILO constituency needs to play its part.

Resources from Governments in recipient countries

At the government level, some recipient countries in Latin America have made available their own resources to complement ILO technical assistance. In Central Europe, some countries have shown their willingness to contribute staff and technical expertise to support ILO work in other, more troubled, transition economies.

The role of trade unions and employers' organizations

Trade unions and employers' organizations are also potential contributors. In the case of child labour, for example, workers' and employers' organizations in one country have been instrumental in channelling funds to poorer countries. The social partners can be powerful vehicles through which the ILO can reach private foundations, individuals and businesses.

Reasons for optimism

There are reasons for optimism. Donors are likely to be attracted to well conceived and planned programmes that deal with critical social issues for which the ILO has a clear mandate and recognized competence. An important element of success will be a systematic fund-raising campaign that approaches potential donors with specific and custom-tailored proposals. This should aim to raise sufficient funds to support a credible and comprehensive programme that would stretch over a number of years. With more concentrated programmes, improved communications and a higher public profile, the ILO will be in a stronger position to raise funds.

The potential and the constraints

However, it is important to be realistic about the potential, and to anticipate the problems. There are a number of familiar dilemmas at different levels. One is the need to match resources with demands and strategic objectives. There are administrative constraints, such as the cost of staff time taken up reporting to individual donors who often require different information in different formats. As far as possible, donors should be encouraged to adopt "programme approaches", setting priority objectives

over, say, a five-year period but leaving the ILO with sufficient flexibility as to how these should be achieved. Donor contributions in the form of core funding to the overall work programme could also strengthen programme coherence. Another dilemma is between flexibility and accountability; programmes are more effective when they disburse funds quickly, but this may undermine effective management control.

If technical cooperation programmes are to be expanded within the ILO, the Organization will need to review its procedures to ensure that they do not frustrate access to sources of external funds essential to achieve the Organization's fundamental goals.

Partnerships

Partnership for technical cooperation

A keyword in this approach to technical cooperation is partnership. The core relationship has to be between the ILO and its primary constituents — governments, employers' organizations and trade unions — a partnership embedded in the ethos of the Organization and reflected in its Active Partnership Policy. In charting any new course, the ILO must always gain wide support from its constituents and involve them in an open dialogue on the objectives and means of technical cooperation. The discussion at the International Labour Conference this year provides a new point of departure.

The need for wider alliances

But partnership for technical cooperation has to go further. It must build a much wider alliance, not just with the donor community, but also by engaging the energies of many other people and organizations, collaborating for example with national and international research institutes, creating networks, and exchanging ideas and information. In areas where it has distinctive competencies, the Office should develop its capacity to connect disparate partners and promote their synergy, particularly at the national and regional levels. The Organization should also take advantage of its link with the employers' and workers' communities to benefit from their special expertise and to engage them more deeply in achieving its goals.

Partnership for programme delivery

Partnership is also crucial for programme delivery. Technical cooperation projects developed on a pilot basis need to be scaled up. This requires more than increased resources and larger institutional structures. It means establishing delivery systems through many "capillary" networks, including local experts and local authorities but also NGOs, business associations, trade unions and women's groups.

Building international partnerships

At the other end of the scale, the ILO has to build partnerships for international collective action with the United Nations system and the Bretton Woods institutions. As will be discussed further in Chapter 4, the fact that most international and regional organizations acknowledge the importance of the "social agenda" presents an opportunity for the ILO. The social dimensions of adjustment are so wide-ranging and diverse that they demand the concerted efforts of the whole international system. Coordinated action enhances complementarity and creates synergies. At the country level the ILO will be active in the United Nations Development Assistance Framework to ensure that its constituents' priorities are effectively pursued through substantive partnerships for development cooperation.

Partnerships based on common objectives and shared interests

Partnership must be based on a clear perception of common objectives, but must also take into account the specific interests of different organizations. In any partnership the ILO must make its own distinct case and retain its own approaches so that it can project its values, concerns and objectives in a wider arena.

Partnerships do not come free. They are labour-intensive and have to take into account many different constituent interests. So they must be embarked on carefully — setting the objectives, identifying the right partners, and evaluating both costs and benefits. Nevertheless, the ILO must always seek partnerships and alliances and be prepared to use them pragmatically to achieve its objectives.

4. The institutional capabilities

Strengthening capabilities

The previous chapters of this Report have explained the programme priorities and the regional orientations foreseen for the ILO. This chapter addresses the question of implementation — strengthening the ILO's own capabilities for action. Many of these policies will require to be further developed in the months ahead; they will all require time to show results.

Immediate steps will be taken in three major areas: to improve the internal management of the Office; to strengthen its intellectual and operational capacities; and to renew and enlarge its relations with the outside world.

The management implications of strategic objectives

Management by objectives

Clustering ILO technical departments under the four strategic objectives provides the means of concentrating our work and our intellectual energies around distinct but interrelated goals. Focus and concentration are essential for success in programme implementation. From these strategic objectives it has been possible to derive operational objectives which define more concretely what the Organization is to achieve in the medium term. Results obtained under each of these latter objectives are susceptible to measurement and verification. Managing by objectives disciplines and motivates staff by defining what accomplishments are sought and hence the achievements upon which staff performance can be more objectively judged. It allows agreed standards of assessment to emerge as part of teamwork, rather than as judgements made within administrative hierarchies. Moreover, a focus on objectives enables the ILO to project a clearer image to the outside world and facilitates relationships and partnerships within and outside the United Nations system.

Organizational structure

Form must follow function. The strategic objectives will define the internal organizational structure of the Office. Thus the technical work of the Office at its Geneva headquarters will be organized into four executive groups — one for principles and rights at work, another for employment, a third for social protection, and finally one for social dialogue. The

operational objectives will largely define the subsidiary structures, although not entirely as some of these must serve more than one objective. The regions will reflect this headquarters structure, taking regional specificities into account. Technical cooperation, together with external partnerships and communications functions, will be key management responsibilities, linking the ILO with its constituents, stakeholders and public opinion.

The management team

The aim is to create a management structure which promotes a sense of collective responsibility, greater transparency and improved internal communication within the Office as a whole. The management team, under the chairmanship of the Director-General, will guide the work of the Office. Members of the management team have specific responsibility for the individual groups of activities relating to the different strategic objectives, and for the key management and support functions. In addition to coordinating and supervising the work in their areas of responsibilities, they will assist in formulating programme policy, and in dealing with issues of resource allocation, personnel policies, senior staff selection, and the monitoring and evaluation of programme implementation. The management team will also monitor and evaluate progress in mainstreaming gender and integrating development into ILO activities.

Attitudinal change

This will be the basic structure. However, organizational reform needs attitudinal change. Structure is a necessary, but not a sufficient, prerequisite for effective programme formulation and delivery. People, not structures, provide direction and deliver services. People, not structures, motivate others and provide the conditions for organizational change and renewal. Individual involvement and commitment are essential to sustain and reinforce values. In short, organizational structures need an organizational culture.

A new organizational culture

This new organizational culture must grow out of open and lively internal communications and dialogue, which enable all members of the staff to share a common vision of the Organization and which give each individual a lucid awareness of how he or she can personally contribute to its realization. It is a process rather than a system, demanding interaction and networking in a multicultural and multilingual context. A strategy for better internal communications will require both formal and informal channels which mutually support and complement each other. A task team has been set up to launch, support and monitor such a transparent and participatory process of internal dialogue.

Strategic budgeting

Organizing around objectives

The Programme and Budget proposals for 2000-01 were the first to be organized around strategic and operational objectives. At the time of preparing this Report the reactions of the ILO's Governing Body to this new format were not known. However, on the assumption that this approach to budgeting is broadly endorsed, future budgets will maintain this format with any refinements and modifications which may be necessary.

Improving the programme and budget

There is a consensus that the budget document must be clear on the purposes of ILO activities, describe the results to be achieved and benefit from evaluations of programmes and activities. These proposals must also be bold, in order to deal effectively with the social and economic conditions for which ILO action is wanted. A solid understanding of these conditions and of the opportunities for ILO action are required. Budget proposals must not be simply a continuation of past activities where these have run their course.

Future programme proposals will benefit from social and economic policy analysis undertaken independently of technical programmes, the results of which will be fed into budget preparation.

Greater budget flexibility

The Programme and Budget proposals for 2000-01 also introduce the notion of budget flexibility and a de-emphasis of descriptions of detailed activities to be undertaken in the course of the biennium. This should continue to be future practice. Budget proposals have to be prepared as long as three and a half years in advance of actual implementation. Programmes normally require a long-term time horizon for the achievement of their objectives, but they must be able to adapt to changing circumstances. New circumstances arise which require an ILO response. A mechanical commitment to carrying out a host of activities regardless of new events implies the risk of ignoring pressing needs of constituents. To be sure, the Governing Body and the Conference need enough information to render a considered judgement on budget proposals, but a balance can be struck between adequate information and a rigorous programming of work to be done three years hence. Future budgets will attempt to find this balance. A key ingredient of this process is an effective system of reporting to the Governing Body and the Conference on what has been achieved.

Focus on results

The fundamental feature of strategic budgeting is the focus on achieving results. Strategic objectives drive the activities of the Organization in specific directions and provide the basis for organizing those activities around a coherent management structure. They also permit — indeed, require — that management systems be developed to support the achievement of objectives. Among the more important of these systems is that of monitoring and evaluation.

Monitoring and evaluation

Effective monitoring and evaluation

In the current environment of fiscal restraint, organizations are expected to provide quality products and services and to demonstrate tangible results and accountability. In brief, donors rightly want value for money. There is, however, another reason for emphasizing verifiable accomplishment: it is essential for the proper evaluation of staff performance as well as for staff satisfaction with a job well done. Hence the need for an Office-wide monitoring and evaluation system that is effectively used in all departments and at all levels of the Office.

Such a system exists in the ILO although it has not, in its present form, found general acceptance. Whatever its shortcomings, it has brought home to the staff of the Office the need to plan work and to think in terms of outputs rather than inputs. A new system building on the present one is to be in place by the beginning of the 2000-01 biennium.

Linking work to objectives

It will be developed with several principles in mind. It will start with the operational objectives in the programme and budget. Targets and workplans will be developed for them and for related lower-level objectives which will reach down to the individual staff member. Indicators of performance and sources of information for these indicators will be identified. Staff concerned will be fully involved and their views sought to ensure that objectives, targets and indicators are achievable and well understood by all. The system will not try to encompass all the work performed but rather those elements which are key to attaining targets. It will be adapted to the nature of the work performed by different departments.

Progress reporting

A regular system of internal progress reporting will be put in place. The system will be used to report to the Governing Body on programme implementation.

Evaluation

The Office will reinforce its evaluation function and produce regular evaluations of programmes and activities. These will be independent evaluations. Proposals for a cycle of evaluations will be made to the Governing Body.

Personnel policies

Any strategy for the implementation of new policies and new programme orientations must centre on the personnel of the Office. It is their knowledge, their skills and their commitment which will largely determine the success or failure of new endeavours. And these policies are in need of a vast overhaul.

The Common System and personnel policies

In common with other organizations in the United Nations system, basic conditions are determined at the level of the Common System. They consist of a multitude of rules which, taken together, become increasingly difficult to administer and give rise to cumbersome procedures. There is little that the ILO on its own can do to influence these rules to render them more flexible or more adaptable to the circumstances of the different organizations in the Common System. It will be an ILO priority to influence those in control of this system so as to improve it, but this will be a slow and arduous process. However, even within the constraints of the Common System much can be done to improve personnel policies in the ILO. These policies must move in the direction of a true human resources development function. The Common System imposes too many rules, but the ILO itself has created rules and institutional arrangements that engender bureaucracy and inefficiencies.

Facilitating career development

New or improved policies must start with the recognition that the ILO is a career service. Most officials spend the better part of their working lives in the Organization, acquire skills and experience which are precious for international life, and they, not unnaturally, have expectations for their careers and personal development. The Organization must respond to these needs by providing opportunities for fruitful work, productive working arrangements and training as a basis for personal development and advancement. The aim is to stimulate imagination, creativity and a sense of excellence in ILO staff.

A new look at recruitment

These new policies should start at the beginning, with recruitment. The present process is far too slow, involves far too many people in decision-making, is subject to conflict between recruitment bodies and programme managers and is not sufficiently broad in prospection or rigorous in selection criteria. It needs a completely fresh look and it needs to start by finding better agreement between management and the ILO's Staff Union Committee on how recruitment is to be conducted. The purpose of recruitment must be clear to all. It is to find and retain the highest quality staff possible. It must be attentive to the imperative need to improve the gender balance in the Office, as well as to the requirements of geographical distribution. The first criterion is, however, quality.

Improving performance management

The ILO needs as well to improve performance management. This is not simply a periodic judgement rendered on each official's performance but a complete system of regular monitoring and communication about

performance, honest recognition of areas for improvement, job transfers, and training related to the official's and the Organization's needs. It needs senior management involvement in identifying talent, in elaborating plans for its further development and for management succession.

Mobility

The Office's mobility policy has succeeded in placing a remarkable number of people in field positions. It may indeed be difficult to continue these transfers at their current pace. The policy will remain but it should be more pragmatically applied. Not all are suited for field assignments, just as there are people whose obvious strengths are in field work. At times the interest of the Office and of the official may not justify transfer. There must, however, be career advantage for those who do rotate. Equally, there should not be any long-term disadvantage for staff who prefer to develop their careers mainly in the field.

Staff-management relations

There needs to be a fresh approach to staff-management relations. The principles on which these relations are based are not at stake, but the procedures and institutions for their conduct are. Many belong to an earlier age. There needs to be speedier ways of settling individual grievances. Means of arbitration and conciliation should be examined. Current discussions on consultation and collective negotiations in the ILO should continue with a view to reaching agreed solutions. Time-limits for negotiations should be set with prior agreement on what to do when agreement cannot be reached. Importantly, staff of the ILO's Personnel Department needs better professional training. They, and the ILO's Staff Union Committee, should receive specialized training in personnel matters and negotiating. Both sides should visit organizations which are acknowledged to follow best practices in labour-management relations. With the ILO's role in the field of labour, it should be open to learning from others about the conduct of its own affairs.

The knowledge function of the ILO

The ILO's knowledge function

It is the role of the ILO to generate, promote and disseminate information and knowledge about the world of work. This knowledge function lies at the heart of the ILO's mandate. It has a constitutional obligation to do so, both for the benefit of the international community at large and to enable its own constituents to participate effectively in social dialogue and policy-making.

This knowledge function highlights the identity of the ILO within the international community, and makes it a credible participant in policy formulation. The ILO alone has the combination of historical experience, political legitimacy and universal coverage to be the knowledge centre of the world for employment and work. There can be no question of relinquishing this knowledge function, mandated to the ILO within the multilateral system, to any other public or private organization. Its major task is to promote the primacy of employment and rights at work in economic policy-making, and to be the advocate for decent work in the world at large. A knowledge capability is essential for credible advocacy, and to give the ILO the technical ability to promote the mainstreaming of employment concerns within international and national policy-making.

Its role

The knowledge function is central to the ILO's internal working. It is the essential means of pursuing each of its four strategic objectives and to improve all its means of action: social dialogue, technical cooperation,

standards and publications. It is also the foundation for cooperation and partnership with other multilateral organizations.

Greater utilization of information technology

Information technology has an obvious role to play. Internally, the ILO has in general successfully adopted, and adapted to, modern information technology. The Office has a well regarded public website of use to constituents, researchers and the general public, though it needs to be redesigned with a view to making navigation easier. The challenges ahead involve a much greater penetration of information technology into administration — the Office's financial systems are a notable example. Creating easier access to ILO databases is an important priority and is a means of rendering a useful and inexpensive service to constituents. Perhaps most important is the further development of applications using Internet.

Need to revitalize research capacities

In the past the ILO was recognized as a pioneer in expanding the frontiers of understanding of social policy. More recently, however, its capability to generate and disseminate new knowledge has diminished, and its links with the global academic and research community have weakened.

A new knowledge management system

In order to continue to be recognized as a centre of excellence in its own field, the ILO requires to build a new knowledge management system, which brings together several different components of information, communication and research policies. The design of such a system must take into account both the current needs and the constraints. The ILO's mandate covers a multiplicity of technical fields; it has limited financial and human resources; there is a multiplication of the sources of knowledge on the world of work, both national and international, which needs to be utilized.

Outreach and interaction

These realities mean that the ILO must seek support through the creation of networks and alliances which generate and disseminate information on employment and work. This involves a systematic outreach to, and interaction with, the world's academic and intellectual communities, as well as bringing academics together with practitioners in research activities. The ILO's International Institute for Labour Studies should play an important role in this endeavour.

Core programme for knowledge generation and communication

At the same time, to be an effective and credible promoter of such networks the ILO must have its own core programme for knowledge generation and communication, including, for example, research on major trends in employment and work, data collection and statistics, and systems to utilize data and research outcomes for operational action.

Three areas need immediate reinforcement and revitalization: research policy; economic analysis and statistics and data processing; and a rapid response capacity to translate knowledge into policy advice and operational action.

Research policy

In the past, research in the ILO has been inhibited by several factors: practitioner doubts about its relevance; the crowding out of research activities by operational demands; and, above all, the absence of a coherent research policy in the Organization. Much good work has, and is being, done, but it has often been fragmented and difficult of access, and its relevance to ILO priorities and to policy-making has not been systematically established. In short, research in the ILO has been both undervalued and misunderstood.

The growing need for research

There is now a growing demand from constituents for research to generate the information and expertise necessary to meet their requirements for policy and operational action. The experience of the last decade has been particularly revealing. The Active Partnership Policy has shown the need for more research and for operational guidelines to support technical cooperation in the field. At the same time, the dialogue with the Bretton Woods institutions, and with member States, has highlighted the need for the ILO to deepen its knowledge of the economic and financial implications of normative and regulatory policies.

The aim of ILO research

The purpose of research in the ILO must be to guide and improve the quality of ILO action, rather than to acquire knowledge for its own sake. The ultimate aim is to help realize the four strategic objectives of the ILO, to build in the cross-cutting themes of gender and development, and to link them together in interdisciplinary programmes to promote decent work.

An overall research policy

These objectives require ILO research to be multidimensional and to result in several different products. It has to strengthen all the ILO's means of action: policy dialogue; technical cooperation; standard setting; and the collection and dissemination of information. The Office has to carry out prospective research, to identify developments which could change existing paradigms or models of ILO policy and to identify labour aspects of emerging global trends. It has to improve specific methods and techniques of ILO programmes (e.g. new methods of training, techniques to evaluate occupational qualifications, actuarial techniques for social security, etc.).

New managerial and organizational frameworks

An overall research strategy will also call for new managerial and organizational frameworks. Several issues are involved: setting Office-wide research objectives in the light of strategic programming and budgeting; creating international knowledge networks to promote external research in areas of ILO concern; greater participation of practitioners with academics in ILO research; and research to support programme analysis and evaluation. A key issue is the dissemination of the results of ILO research throughout the Office as a whole, among its constituents, and to the public at large. This in turn will require the ILO's publications policy to be closely linked to ILO research policy.

It is proposed to undertake a study of these issues to establish a clear and comprehensive research policy for the ILO.

Strengthening economic analysis

The need for a capability for economic analysis

One priority within research policy will be to strengthen the Office's capability for economic analysis. Policy and programme development on labour and social issues must of course also draw on expertise in such areas as law, sociology, gender and education, but economic analysis is a key input for generating the ideas, knowledge and factual information that are essential for the ILO's work. Economic policies play an important role in the determination of employment levels, labour market outcomes, income distribution patterns, and the functioning of institutions for social protection and social dialogue. The ILO must have a strong voice in these areas.

Macroeconomic research

While the ILO should not over-extend itself in macroeconomic research, it needs the expertise to enable it to participate in policy debates, and to link macroeconomic policies to labour market outcomes. It requires the technical capacity to follow employment trends, to track the employment and labour market implications of macroeconomic policies, and to propose

adjustment policies which are sustainable in macroeconomic terms and consistent with employment targets.

Microeconomic analysis

The ILO has long had a capability for microeconomic analysis of labour issues. However, it has still to exploit the enormous potential created in recent years by the expansion of empirical and theoretical knowledge in this field. These advances have been paralleled by an increase in the availability of high-quality, disagreggated data on labour markets, at the level both of the firm and of the household. The instruments now exist to undertake sophisticated policy-relevant studies in many areas of ILO concern. Microeconomic analysis could also be an important tool for interdisciplinary research in such areas as poverty, gender inequality and employment patterns.

Research on institutions

The last decade has seen important advances in institutional economics, an area of great significance for the ILO. These advances have opened new ways of understanding how institutions — governments, firms, legal and industrial relations systems — influence market and labour issues. They also provide insights into the design of institutions, and their functioning and effectiveness. This analytical work has applications in such diverse contexts as unemployment insurance, workplace safety and training, and social dialogue.

Steps to improve the capability

The development of a capability for economic analysis in these areas demands a series of interrelated actions. Economic expertise in the ILO will be strengthened through external recruitment and the setting up of high-level academic consultative groups. There will be rigorous economic analysis of technical programme proposals in future. Active steps will be taken to set up strategic partnerships with external centres of economic research and other international organizations. These steps are essential to back ILO advocacy with empirical evidence and theoretical knowledge.

Strengthening statistical and data capability

Producing higher quality databases

High-quality, easily accessible data is an essential, cross-cutting product for external users and constituents. At the international level the ILO has a constitutional responsibility to establish statistical concepts and disseminate data on the world of work, and this is currently one of the Office's key activities. Through the International Conference of Labour Statisticians, for example, it has been helping to establish new standard concepts on underemployment and the informal economy. The next step will be to utilize the opportunities afforded by information technology to produce better harmonized and higher quality databases of international statistics. This will also involve working closely with member States to improve the quality and breadth of official statistics, and to help them analyse and disseminate labour market information.

New indicators on trends in the world of work

All the ILO programmes outlined above need to be grounded in high-quality statistics and data. New indicators are required to capture emerging trends in the world of work: in the informal economy; in new patterns of industrial relations; and within households and enterprises. In particular, data disagreggated by sex is crucial for the ILO to document gender inequalities and promote effective policies to overcome them. Technical cooperation also needs up-to-date labour market data, and information on an international comparative basis.

Making ILO statistics more easily accessible

Steps will be taken to make ILO statistics more easily accessible. New channels of distribution will be explored, including partnership with other

international statistical bodies, such as Eurostat, to achieve a more efficient delivery of international statistics. In-house, there will be closer linkages between the Statistics Department and the technical departments and with those involved in technical cooperation and research. To make ILO statistics more user-friendly, procedures will be put in place to ensure effective feedback, by means of user surveys or panels of ILO data users.

The basic goal is to create an integrated, proactive and demand-driven statistical programme, which could better serve international users and effectively support ILO technical programmes.

Rapid response capacity

Why a rapid response capacity is needed

Increasingly, the ILO needs to respond rapidly to emerging problems or opportunities. The circumstance may be abrupt economic crisis or change, natural calamity, a sudden social movement, or the aftermath of conflict. ILO responses in these different situations may be very different in nature, but they have in common the need to act fast and decisively, to consult and cooperate with the other organizations concerned, and to mobilize a range of ILO capabilities. This need is widely recognized, and forms part of the mandate of multidisciplinary teams. However, in practice the requirement for detailed advance programming of all resources, and the lack of mechanisms for identifying and responding to crises, has impeded rapid and flexible reactions.

The development of ILO capabilities in this respect involves four functions: barometer; strategic planning; resource mobilization and coordination; and mapping and developing substantive capabilities.

The barometer

- The *barometer* provides the permanent function of tracking and analysing developments of relevance to the ILO's work. It will foresee and review crises and inflection points in economic, social, physical, political and gender terms, evaluating their importance and pointing to those where a major effort by the organization is called for. This will require the monitoring and analysis of economic and social trends and events, in close coordination with the regional departments, which will have primary responsibility for gathering relevant intelligence.

Strategic planning

- The *strategic planning function* will define the nature of the response required, on the basis of the analysis provided by the barometer, and determine how to provide it, the sequencing of actions to be taken and the division of labour with the other organizations concerned.

Resource mobilization

- *Resource mobilization and coordination* will require resources to be rapidly and effectively reassigned to the task in hand. By their nature, these resources will correspond to technical capabilities in specific departments. External resources will often have to be mobilized rapidly as well.

Mapping and developing capabilities

- *Mapping and developing substantive capabilities* will be the responsibility of technical departments. A systematic mapping of capabilities, regularly updated, is required to permit the identification of available instruments and of possible ILO technical contributions in different national situations. They might cover a variety of areas: public works and other employment-generating schemes; assistance in reallocating social expenditure; social protection for the homeless or for short-term migrants. The InFocus programme on reconstruction and employment-intensive investment will be used to identify and strengthen many of these capabilities. In addition, the evaluation of ILO responses

to different crisis and change situations will suggest areas where ILO capabilities need to be developed.

Media policy

Public resonance for the ILO

Keeping the public aware of issues in the world of work is one of the reasons for the existence of the Organization. A media strategy is the means to gain public resonance for the ILO's mandate and to project its public profile. The ILO has pursued an increasingly effective media strategy in recent years, but there is a need for greater sensitivity to media policy among both ILO staff and constituents.

Focusing on substance and target audience

The target audience for public information is the citizens of member States, and not primarily the constituents of the ILO. This, inevitably, means that an effective ILO public information policy might not always be consistent with the sensitivities of all its constituents. A potential news item has to be about a specific issue or event. Media-aimed efforts, to be successful, have to concentrate on substance rather than on institutional processes, such as meetings or public appearances. Furthermore, achieving and maintaining media credibility demands transparency. Addressing, as it must, complex and often painful social realities, the ILO's media strategy cannot please all people all the time. It may, on occasion, cause controversy, amplified by the media's natural tendency to dramatize. But to seek to foreclose such possibilities at all costs is incompatible with a successful media strategy.

The product is the message

A good public information strategy is today a highly technical job of synthesizing and presenting the work of the Organization in such a way as to facilitate its access by the news media. It must be fast and agile, and supported by empirical data and by immediate access to authors and experts. In the final analysis, an effective and credible ILO media policy is dependent on an effective ILO knowledge function. New information, data on employment trends and social institutions, and fresh perspectives on policy — these constitute the substance of media interest in the ILO. The quality of the product is the most effective message.

External communications policy

Communication with all the ILO constituencies

An external communications policy is distinct from media policy, but complementary to it. It is aimed not at the general public but at all the ILO constituencies, both actual and potential — the "shareholders" as well as the "stakeholders". These audiences include, for example, not only trade unions and business groups, but also parliamentarians, civic bodies, judges and public interest organizations. Its aim is to promote the ILO's concerns and policies within national societies over the longer term. Communications strategies are about dialogue and alliances to achieve certain ILO programme objectives, such as the ratification of Conventions, policy changes, or better programme implementation. Their goal is outreach for mutual cooperation — or at least understanding — between the Organization and the various parties with which it interacts.

It is proposed to establish a communications policy for the ILO with carefully designed objectives, in terms of both messages and audiences. The first step will be to identify a small number of topics for high-profile

campaigns of advocacy and action, to be initiated on a sequential basis, supported by ILO constituents and their networks.

Promoting outreach

This has several organizational implications. Different strategies need to be developed to address the interests of different audiences, using language and information tools appropriate to each. Public outreach is a responsibility of all senior ILO officials, of directors in the field, and of staff in general. They need to be supported with guidance and training. It will be necessary to schedule outreach events and encounters on a regular basis in all countries where the ILO is active. These can be organized spontaneously as opportunities arise in each local context, or be driven by the ILO calendar, for example on the occasion of the release of a major ILO report. In this connection, it is intended to promote the creation of national "ILO associations", which could support these activities on a continuing basis within individual countries.

Gaining recognition and support

Such an approach implies that ILO regional and area offices have to strengthen their representation function as a central part of their duty. Above all, it requires an organization-wide commitment to market the ILO more effectively, and to measure its performance by the growth of public recognition, support and commitment.

Publications policy

A global reference point

An effective publications policy is essential to reinforce the ILO's reputation as a global point of reference for issues related to the world of work. It supports media and communications strategies to make the ILO better known and to enhance its image. The ILO's quarterly journal, the *International Labour Review*, for example, disseminates the results of original research and policy analysis to the world's academic community and to practitioner audiences, and thus sustains public interest in international social policy issues and in the ILO. A proactive publications strategy calls for practical action in four areas.

Improved quality

First, a greater stress on quality research, along with a better outreach to the world's academic community, is likely to result in a substantial increase in the number of new publications, and in the quantity and quality of internal contributions to the *International Labour Review*.

Streamlining the publication process

Second, publications must be timely if they are to be of value. The time required to go from a manuscript proposal to eventual publication must be reduced. An integrated publication process is already in place — linking selection of subject matter, manuscript preparation, review, production, marketing and sales — but it needs to be further rationalized. This in turn demands greater interdepartmental coordination and cooperation.

Enhanced promotion and dissemination

Third, to make ILO publications more widely known, collaboration between the ILO's Publications Bureau and Bureau of Public Information must continue to ensure that flagship publications and other books on highly topical issues can benefit from press launches and media publicity. As part of the overall promotion and dissemination effort, the chain of external offices, commercial book distributors and sales representatives needs to be supported to enhance marketing and sales performance. The wider dissemination of ILO publications must capitalize on the Internet as a medium for accessing, marketing, distributing and selling information. ILO constituents, and Internet users in general, can shortly look forward to an

increasing on-line availability of ILO publications in full or partial text. Increasing recourse to electronic presentation will extend to the *International Labour Review*, which will make the full text of the journal available electronically to subscribers.

Facilitating access to ILO publications

Finally, access to ILO publications, particularly in developing countries, is influenced by their price structure and the ability of potential readers to pay for them. A priority will be to establish a coherent and equitable pricing policy, as well as a more strategic approach to free distribution. In poor countries where, for many, any price is too high, various forms of subsidized and free distribution will be explored. It is also intended to examine the possibilities for the translation of ILO publications into national languages, as well as for their reprinting in low-cost editions.

Global partnerships

Relations with global and regional organizations

Relationships with the United Nations system, the Bretton Woods institutions and the major regional organizations are of critical importance for the ILO. They define the ILO's profile within the international community and extend its reach to the outside world. They give international legitimacy and recognition to the role of business and labour as important representatives of civil society, and give them a voice in emerging structures of global governance and a place in multilateral development programmes.

In a multilateral system which remains predominantly intergovernmental, the ILO is the only institutionalized structure where representatives of civil society — workers and business — play a role on equal terms with governments. The ILO's relationship with the international system of organizations is, therefore, one of mutual benefit.

Strengthening relations with the UN system and the Bretton Woods institutions

For these reasons, the ILO has given importance to strengthening its relationships with the United Nations system and the Bretton Woods institutions. It has been active in global conferences, notably the Social Summit and the Beijing Conference on Women, and has taken a major lead in the follow-up to these conferences. With the World Bank and the International Monetary Fund (IMF) a systematic effort has been made to develop joint approaches wherever possible and to widen the area of agreement on the goals of economic policy and the institutional means of achieving them.

Looking to the future, it is clear that these efforts must continue. The experience of the last decade has shown that no single international organization has a monopoly of wisdom, or can be expected to provide solutions which are complete and universally acceptable. Both knowledge and political consensus are essential for the success of any international institution; neither is possible without new systems of partnerships and collaborative working arrangements.

Substantive and task-oriented partnerships

The notion of global partnerships must replace that of external relations. These partnerships must be substantive rather than procedural, task-oriented rather than merely a system of liaison and routine communication. The ILO must enter into new partnerships and deepen existing ones. It should do so within a decentralized system of collaboration, but with more effective functional interaction in areas of common concern. Specifically, the ILO should aim at becoming the nodal point within partnerships to create global networks of knowledge in the world of work and employment. It should promote such networks, facilitate the access of its

constituents to these resources, and service these networks by the provision of data and research outcomes on comparative social policy.

Developing expertise and networks

Such a system places new responsibilities both on the international community and on the ILO. It calls for improved global systems of policy-making to ensure that employment, growth and adequate social protection are taken into account in stabilization and adjustment policies. But it also requires the ILO to develop the expertise and networks necessary to contribute to such policy-making.

In this connection action will be taken in three areas: the United Nations system, the Bretton Woods institutions, and civil society.

Follow-up to the Social Summit

First, *within the United Nations system*, the ILO has to ensure an effective follow-up to the Social Summit at the Special Session of the General Assembly that will take place in Geneva in June 2000. The ILO has had a central role in promoting the Summit's commitment on employment within the United Nations system. It coordinated the UN ACC Task Force on Full Employment and Sustainable Livelihoods. It has undertaken country employment policy reviews in all regions and held regional conferences, the results of which will be submitted to an ILO International Consultation concerning Follow-up on the World Summit for Social Development, to be held in November this year. The outcome of this Consultation will provide the basis for the ILO's contribution to the Special Session of the General Assembly. The ILO has also engaged in support of the other commitments made at the Summit, in particular as concerns poverty eradication, social integration and gender equality. These are important concerns, not merely in terms of the ILO's own mandate but also in terms of generating a wider consensus on the social goals of adjustment and development. They might require greater ILO involvement in ECOSOC, particularly in its Commission on the Status of Women and Commission on Social Development.

Joint activities on the Declaration

The ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, adopted by the Conference last June, needs to be promoted at the international level, and to be realized in the national context in terms of development and of an enabling environment. This calls for joint activities with other organizations in the United Nations system with which the ILO has cooperative agreements. Such joint activities could include mobilization of resources, operational projects and research programmes. Other organizations may have a less proactive role to play with respect to the Declaration. The ILO's task in such cases is to ensure that their activities do not undermine the ILO's own endeavours and the Declaration on Fundamental Principles and Rights at Work.

United Nations reform

Relations with the United Nations system need to be seen in the context of United Nations reform. The ILO must be responsive to this reform but assert its distinctive role within it. It can do so in two ways: first, by undertaking a comprehensive and strategic review of its own structures and methods of working, which has already begun, and of which this Report is one step. Second, through an ILO technical cooperation policy which draws upon the strengths of the multilateral system and optimizes the utilization of its collective capabilities, without compromising the Organization's obligations to its own constituents. The ILO will be an engaged team player within the United Nations system, promoting cooperation and joint activities and reinforcing the United Nations image and the leadership role of the Secretary-General.

The Bretton Woods institutions

Second, there is exceptionally broad consensus among ILO constituents for *more effective and substantive relationships with the Bretton Woods*

institutions. The activities of these institutions shape the context and environment in which the ILO functions at the national level. They are powerful determinants of the pattern of global adjustment and of economic and social development. They have an influence on social institutions, employment policy, labour market regulation, social security, and labour law.

A chance to integrate social perspectives into policy-making

Recent developments have opened the way for more fruitful interaction between the ILO, the World Bank and the IMF. The financial crises in Asia, in Russia and in Brazil have significantly altered the public perception of what constitutes sustainable economic and social policies. There is increasing realization that adjustment and structural reforms need policies and institutions for social consensus, employment and social protection. There is a moment of opportunity to integrate these social perspectives into the policy framework of the Bretton Woods institutions. The ILO's task is to take advantage of this new concern for the social dimensions of sustainable growth by exploring the possibilities for joint approaches to major policy issues of common concern. These joint approaches could be supported by research partnerships to establish the economic rationale for social institutions and normative policy. As indicated earlier, this calls for an enhanced knowledge capability within the ILO to link macroeconomic policy to labour markets and poverty eradication policies, and to articulate the role of social institutions and fundamental rights at work in development policy. It must, however, be borne in mind that the ILO's cooperation with the Bretton Woods institutions is necessarily limited by differences in mandates and constituencies. The ILO must carry its own message to public opinion at large, which may not always be the same as those of the other organizations.

The evolution of civil society

Third, the ILO needs to *better utilize the opportunities provided by the evolution of civil society*. Social actors beyond the production system are now active in a variety of fields of concern to the ILO, including human rights, poverty alleviation and consumer issues. They have a powerful influence on public opinion and policy-making, which has been greatly enhanced by advances in communications technology.

The growing density and power of civil society associations raises the question of their relationship to the ILO and to workers' and employers' organizations. ILO constituents, while recognizing the reality and influence of these new actors, have viewed their rise with ambivalence. For their part, civil society associations have sometimes found it difficult to establish effective dialogue with the ILO.

Establishing alliances and relationships with civil society associations

The ILO has a clear policy and mandate to work with employers' and workers' organizations to establish practical alliances and working relationships with these actors, based in each instance on a definition of common goals and shared principles. Workers, employers and governments are the mandated constituents of the Organization. They determine its representative and governance structures. That has never been, and is not now, in question. Trade unions and employers' organizations are themselves the largest and best organized social actors. They are intimately linked to the production process itself. They are representative organizations. They have, in general, elected governance structures, and they are publicly accountable for their activities. These characteristics give them a special role in society. At the same time, they can greatly benefit from the advocacy skills and resources of civic associations, particularly in development activities at the field level, often in areas where the ILO's own constituents are less represented or not directly involved. NGOs, for example, implemented fully a third of IPEC's programme in 1996-97. At the national level, trade unions

and employers' organizations often work with NGOs in the pursuit of common goals — in reaching out for potential sources of membership, or working with business and government in development partnerships at the local level. It is important for the ILO to establish such working relationships at the field level with organizations which promote voice and action in areas of ILO concern, such as development, labour rights, gender, children, the disabled, and the elderly.

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Autonomous facilities to promote ILO activities

The ILO is unique in the United Nations system in having two autonomous facilities to promote its activities. These are the International Institute for Labour Studies (IILS) in Geneva and the International Training Centre of the ILO in Turin. Both these facilities provide services to the ILO, and extend its outreach to constituents and audiences beyond the usual purview of the Organization itself. They have now functioned for over 30 years and have an established international profile.

The changes proposed in this report for the functioning of the ILO as a whole call for a corresponding review of the activities and functions of both the IILS and the Turin Centre. This will be undertaken with the aim of enhancing their contribution to the newly defined strategic objectives of the Organization.

The International Institute for Labour Studies

The Institute's role

The role of the Institute is to promote policy research and public discussion on emerging issues of concern to the ILO and its constituents.

It provides three major facilities to the ILO:

A forum for dialogue

- It provides *a forum for informal dialogue* between the ILO's tripartite constituents and the world's academic community and other public opinion-makers. The informality and flexibility of these exchanges enable the ILO to test new ideas and initiatives without the constraints of negotiation or public commitments.

A catalyst for future programmes

- The Institute's research networks and outcomes are *a catalyst for future programme development*. They have served to identify emerging labour policy issues of potential relevance for the ILO over the medium term. For example, the Institute initiated analysis of globalization in terms of labour market interdependence, opening new perspectives for labour standards and employment policy. The Institute's work on gender and on social exclusion contributed to policy formulation within the ILO as well as to global events such as the Fourth World Conference on Women and the World Summit for Social Development.

Education and capacity-building

- The Institute provides *educational programmes* to complement the ILO's training activities, and assists ILO constituents in developing their national institutional capacities for research and policy analysis.

Better use of the Institute's capabilities

These facilities have enhanced the ILO's capacity for social dialogue, extended its research outreach and provided elements for its strategic programming. However, the Institute's potential — like that of the Turin Centre — is necessarily defined and limited by the ILO's own organizational capacity to utilize it in a systematic manner. As a result, its impact on the

ILO itself has often been less direct than it could have been. The new system of strategic programming, combined with an Office-wide research policy, will provide new opportunities to ensure better utilization of the Institute's capabilities for future ILO programme development.

It is intended to carry out a review of the Institute's programme in the context of the new strategic framework proposed for the ILO as a whole. The aim will be to synchronize the Institute's activities more closely with overall ILO strategic objectives, while preserving its autonomy and flexibility which experience has shown to be of enduring benefit to the ILO and its constituents.

New possibilities for the Institute

The review will examine several possibilities for an enhanced role of the Institute. It could contribute to creating an Office-wide research policy. It could set up international knowledge networks and help develop the ILO's outreach to the global academic community. It could assist in the process of strengthening the economic capability of the Office, and provide a platform for greater interaction between ILO staff and external research institutions. In terms of research topics, the Institute should continue to identify new trends and global developments which have labour implications for the ILO and its constituents. It should undertake prospective and policy-oriented research, particularly research of an interdisciplinary nature. It could also assist in substantive analysis of the programme interfaces between the four strategic objectives of the ILO. It could explore expanded collaboration with the ILO's regional structures for research to support technical cooperation, and to develop the institutional knowledge and educational capabilities of ILO constituents at the regional level.

The International Training Centre of the ILO

An instrument for delivering ILO training programmes

The Turin Centre is an important instrument for the delivery of ILO training programmes in the areas of employment, labour rights, social protection and development management. It is also a vehicle to serve the United Nations system as a whole, as it supports the United Nations Staff College which provides training facilities for United Nations personnel and their national counterparts, and will soon host UNICRI (the United Nations Interregional Crime and Justice Research Institute).

Closer links between the Turin Centre and the ILO

It is intended to review the activities of the Turin Centre in the light of the overall strategic objectives proposed for the ILO, with a view to improving the quality of the interaction between the ILO and the Centre. Several possibilities will be explored.

First, the potential contribution of the Turin Centre could be systematically taken into account in ILO programming, when establishing work plans to implement the four strategic objectives, whether at headquarters or in the field, through technical cooperation programmes and projects. There could also be closer collaboration with the regional departments and with the MDTs in programming the use of regular budget technical cooperation funds.

Second, with respect to ILO technical cooperation in general, the Centre could help in the areas of resource mobilization, project management and evaluation and optimum utilization of administrative support services for technical activities.

Third, there could be closer collaboration between the ILO and the Centre in developing partnerships with the private sector. A significant beginning has already been made in this respect.

Fourth, the Centre could become the principal instrument for training programmes for ILO officials, both on first entry and during the course of their career with the Organization. Within the United Nations family, the ILO will support the role of the Centre and the Staff College as the main training institution for all the organizations in the system. There could be greater collaboration between the Turin Centre and the Institute in all these areas.

Fifth, the Turin Centre is a potentially important conduit for communication and diffusion of information for the ILO. In 1998, for example, the Centre received 6,500 participants from 160 countries in its courses. In future, the Centre could systematically incorporate ILO "products" into its courses and training material. Examples include the Declaration, studies completed by the Institute, and operational guidelines developed by technical departments. In this way the ILO could extend its outreach to its constituents, to the United Nations system at large and to major regional and national institutions.

Finally, the possibility of enhancing staff mobility between the ILO and the Turin Centre could be explored, through detachments, exchanges and competition procedures, keeping geographical distribution criteria in mind.

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This Report spotlights the primary task of the ILO at the dawn of the new century — promoting opportunities for decent work for all.

It suggests four strategic objectives to achieve this goal, within the perspective of development and gender equity. These strategic objectives are interdependent; and they must be implemented in a balanced and integrated manner to converge on the primary goal.

This goal will call for attitudinal and organizational change in the ILO.

Its political governance structures must be inspired by a sense of cohesive tripartism based on inclusive interests and unity of purpose, rather than a divisive tripartism based on exclusive interests insulated from pragmatic realities.

The ILO will need to develop technical and organizational capabilities to ensure greater programme innovation and cohesion. This will involve effective outreach policies and external partnerships, based on the increasing "globality" and interconnectedness of knowledge, opinion and action. It calls for a technical cooperation policy which reconciles resources and demands in terms of the Organization's strategic objectives. It will require the ILO's normative activities to be guided by a vision of universal values rather than of universal solutions.

In short, the proposals contained in this Report constitute a programme of far-reaching reform which seeks to anticipate — rather than react to — the processes of global change today. Inevitably, they raise complex and delicate issues which touch on political sensitivities and institutional cultures. To overcome them will require a shared endeavour and a close partnership between the Office and the constituents.

The result will be a sharper image of the ILO in the minds of people, and a far greater impact of all its activities. Above all, it will make the ILO an organization of service to women and men everywhere in one of the most important activities of our daily lives.